

August 30, 2017

**VIA ELECTRONIC FILING**

Jocelyn Boyd, Chief Clerk/Administrator  
Public Service Commission of South Carolina  
Synergy Business Park, Saluda Building  
101 Executive Center Drive  
Columbia, SC 29210

**Re: Duke Energy Carolinas, LLC – Application for Approval of the Transfer  
and Sale of Property in Franklin, North Carolina**

Dear Ms. Boyd:

Enclosed for filing is the Application for Approval of the Transfer and Sale of Property in Franklin, North Carolina on behalf of Duke Energy Carolinas, LLC. By copy of this letter I am providing the Office of Regulatory Staff with a copy of same. Please contact me if there are any questions.

Yours truly,



Frank R. Ellerbe, III

FRE:tch

Enclosures

cc: Jeffrey M. Nelson, Chief Counsel, Office of Regulatory Staff (via email & US Mail)  
Heather Shirley Smith, Deputy General Counsel (via email)

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2017-\_\_\_\_\_

**IN RE:**

Application of Duke Energy Carolinas, LLC ) for Approval of the Transfer and Sale of ) Property in Franklin, North Carolina ) _____ )	APPLICATION FOR APPROVAL OF TRANSFER AND SALE OF PROPERTY
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Duke Energy Carolinas, LLC (“DEC”), hereby applies to the Public Service Commission of South Carolina (the “Commission”) for approval of the transfer and sale of certain real estate, known as the Siler Road, Macon County, Franklin, North Carolina Property (the “Property,” as shown on Exhibit A) that is currently included in the rate base of DEC. The Property is located in the DEC service area in North Carolina. This Application is made pursuant to S.C. Code Ann. Section 58-27-1300 (Supp. 2007), 26 S.C. Regs. 103-830, and other applicable rules and regulations of the Commission. In support of this Application, DEC would show the following:

1. The name and address of the Applicant is

Duke Energy Carolinas, LLC  
550 South Tryon Street, DEC22A  
Charlotte, North Carolina 28202

2. The name and address of the Applicant's attorneys are:

Heather Shirley Smith  
Deputy General Counsel  
Duke Energy Corporation  
40 West Broad St., Suite 690  
Greenville, South Carolina 29601  
Telephone: (864) 370-5045  
[Heather.smith@duke-energy.com](mailto:Heather.smith@duke-energy.com)

and

Frank R. Ellerbe, III  
SOWELL GRAY ROBINSON STEPP & LAFFITTE, LLC  
Post Office Box 11449  
Columbia, South Carolina 29211  
Telephone: (803) 227-1112  
[fellerbe@sowellgray.com](mailto:fellerbe@sowellgray.com)

3. Copies of all pleadings, orders or correspondence in this proceeding should be served upon the attorneys listed above.

4. DEC is a public utility engaged in the generation, transmission, distribution, and sale of electric energy in South Carolina and is subject to the jurisdiction of this Commission.

5. The Property consists of certain real estate that is not required for the Company's current utility operations. The property is a parcel of vacant land containing an area of 9.061 acres or 392,040 square feet and is a portion of a larger parcel currently owned by Duke Energy Corporation. The Property is Tract 2 on the Boundary Survey of the Dowdle Mountain Substation Site attached as Exhibit A.

6. The Property is being sold to Braddock Way Development, LLC, a North Carolina limited liability company. This transaction will not affect DEC's ability to provide reliable service to its customers at just and reasonable rates.

7. The Property is located at Siler Road, Franklin, Macon County, North Carolina 28734. The Property was acquired as part of a tract that was intended to serve as the site for a

substation for a residential neighborhood. However, it has been determined that the substation will be developed on a portion of the original tract rendering the Property as surplus.

8. DEC has entered a contract with Braddock Way Development, LLC to sell the Property for \$3,600,000.00. The Property is a parcel of vacant land containing an area of 9.061 acres or 392,040 square feet. The property is currently zoned R-1, Residential District; however, it is expected that the site will likely be rezoned to C-2SU, Secondary Commercial District Special Use, once requested by the new owners. The Property has a current net book value of \$839,290. DEC has had the property appraised by Integra Realty Resources of Raleigh. That company determined the Fair Market Value of the Property to be \$2,980,000 as of February 28, 2017. A copy of the appraisal letter and the appraisal is attached as Exhibit B.

9. The original cost of the Property being sold will be credited as a reduction of the amount carried upon the books of the Company under Account 101, "Electric Plant in Service." The difference between the sales price and the original cost of the non-depreciable Property will be applied to Account 421.10, "Gain on Disposition of Property."

10. The South Carolina Office of Regulatory Staff has been served with a copy of this application and exhibits. S.C. Code Ann. Section 58-27-1300 provides that an electric utility must first obtain Commission approval prior to selling or otherwise transferring utility property with a fair market value greater than \$1 million. Therefore, DEC applies to the Commission for permission to sell the Property.

11. Applicant requests that this Commission: (i) approve this matter at the next appropriate weekly agenda session; (ii) issue an appropriate order approving the relief sought in the Company's Application; and (iii) grant such other and further relief as this Commission may deem just and proper.

WHEREFORE, Applicant prays that, pursuant to S.C. Code Section 58-27-1300, (Supp. 2007) and other applicable rules and regulations, the Commission enter an order approving the transfer and sale of the Property.

Dated this 30<sup>th</sup> day of August, 2017.

Heather Shirley Smith, Esquire  
Deputy General Counsel  
Duke Energy Progress, LLC  
550 South Tryon Street/DEC45A  
Charlotte, NC 28201  
Telephone: (980) 373-7725  
[Heather.smith@duke-energy.com](mailto:Heather.smith@duke-energy.com)

and

s/Frank R. Ellerbe, III  
Frank R. Ellerbe III, Esquire  
SOWELL GRAY ROBINSON STEPP & LAFFITTE, LLC  
Post Office Box 11449  
Columbia, South Carolina 29211  
Telephone: (803) 227-1112  
[fellerbe@sowellgray.com](mailto:fellerbe@sowellgray.com)

Attorneys for Duke Energy Carolinas, LLC

## **EXHIBIT A**

**(DOWDLE MOUNTAIN EXCESS LAND EXHIBIT)**

- NOTES:
- SURVEYED & MAPPED FOR: DUKE ENERGY CAROLINAS, LLC
  - ALL DISTANCES ARE HORIZONTAL GROUND DISTANCES UNLESS OTHERWISE NOTED.
  - AREA BY COORDINATE COMPUTATION.
  - PROPERTY SUBJECT TO ANY VALID & ENFORCEABLE EASEMENTS, RESTRICTIONS & RIGHTS OF WAY OF RECORD.
  - SURVEY IS BASED ON PHYSICAL EVIDENCE AND EXISTING MONUMENTATION FOUND DURING THE SURVEY.
  - PROPERTY CORNER PIPE SIZES AS SHOWN ARE NOMINAL INSIDE DIAMETER.

I, JAMES WATKINS, CERTIFY:

A. G.S. 47-30 (F) (11) (A). THIS SURVEY CREATES A SUBDIVISION OF LAND WITHIN THE AREA OF A COUNTY OR MUNICIPALITY THAT HAS AN ORDINANCE THAT REGULATES PARCELS OF LAND.

SIGNATURE \_\_\_\_\_

NORTH CAROLINA, MACON COUNTY  
THE FOREGOING CERTIFICATE OF JAMES WATKINS, PLS  
IS CERTIFIED TO BE CORRECT. THIS INSTRUMENT WAS PRESENTED  
AND RECORDED IN THIS OFFICE ON PLAT CAB \_\_\_\_\_ SLIDE \_\_\_\_\_  
THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_\_\_ AT \_\_\_\_\_ O'CLOCK \_\_\_\_\_ M

MACON COUNTY REGISTER OF DEEDS

STATE OF NORTH CAROLINA  
COUNTY OF MACON  
I, \_\_\_\_\_ REVIEW OFFICER OF MACON  
COUNTY, CERTIFY THAT THE MAP OR PLAT TO WHICH THIS CERTIFICATION  
IS AFFIXED MEETS ALL STATUTORY REQUIREMENTS FOR RECORDING.

REVIEW OFFICER  
DATE

CURVE	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING	DELTA ANGLE
C1	3030.46'	391.91'	391.64'	N 36°45'50" E	7°24'35"
C2	28191.78'	15.48'	15.48'	S 19°19'12" W	0°01'53"
C3	217.06'	110.55'	109.35'	S 04°42'53" W	29°10'46"
C4	217.06'	28.23'	28.21'	S 13°36'02" E	7°27'04"
C5	960.00'	271.07'	270.18'	S 49°47'39" W	16°10'43"
C6	960.00'	257.63'	256.86'	S 34°01'00" W	15°22'35"
C7	1075.00'	146.33'	146.22'	N 59°59'18" E	7°47'58"
C8	1007.88'	274.80'	273.95'	N 34°08'17" E	15°37'18"
C9	3030.46'	36.51'	36.51'	N 52°42'50" E	0°41'25"
C10	990.00'	263.63'	262.85'	N 34°04'34" E	15°15'26"
C11	990.00'	279.55'	278.62'	N 49°47'39" E	16°10'43"

TRACT #2  
AREA=9.081 ACRES  
INCLUDING 0.323 ACRES  
WITHIN TRANSMISSION  
R/W TO BE RETAINED  
DB D-16, PG 118  
DB K-26, PG 825  
DB M-21, PG 793  
DB N-22, PG 285  
PIN# 6594337105  
REF.DWG. 122829

TRACT 1  
9.061 ACRES  
DB D-16 PG 118  
DB M-21, PG 793  
PIN# 6594337105  
REF.DWG. 122829

MACON COUNTY  
DEED BOOK K-24 PAGE 149  
PIN# 6594239049

MOSS, WAYNE G.  
FORMERLY: THE CHILDREN'S HOME, INC.  
DB T-36, PG 1954  
PIN# 6594219534  
REF.DWG: 009309-376834

#5 REBAR(S)  
N 542,632.20'  
E 693,280.67'

NCDOT MONUMENT  
(CONTROL PT)  
N 542,556.13'  
E 693,633.19'

31+96.50(LA)=  
32+76.96(EP)  
P-33X  
27°30'49"RT  
N 542,386.64'  
E 693,498.43'

MOSS, WAYNE G.  
FORMERLY: THE CHILDREN'S HOME, INC.  
DB T-36, PG 1954  
PIN# 6594219534  
REF.DWG: 009309-376834

HOLLAND  
DEED BOOK X-15 PAGE 105  
PIN# 6594328492  
REF.DWG. 009309-376881

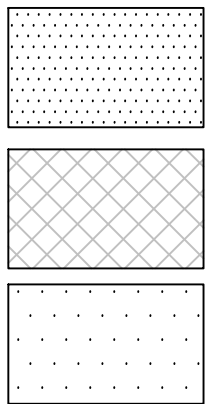
DUKE ENERGY CORPORATION  
DB D-16, PG 118  
DB J-23 PG 1616  
DB N-22, PG 285  
PIN# 6594337105  
REF.DWG. 122829

WILEY BROWN RD.  
SR 1662  
50' R/W  
(DB N-22, PG 657)

LINE	BEARING	DISTANCE
L1	S 39°59'00" E	42.30'
L2	S 39°59'00" E	3.76'
L3	S 57°53'00" W	28.64'
L4	S 57°53'00" W	64.69'
L5	S 57°53'00" W	64.69'
L6	N 22°27'14" E	292.48'
L7	S 22°27'14" W	46.14'
L8	S 57°53'00" W	47.16'
L9	S 34°07'00" W	109.25'
L10	S 40°13'03" E	31.16'
L11	N 34°07'00" E	98.81'
L12	N 57°53'00" E	37.57'
L13	N 22°27'14" E	264.72'
L14	N 39°59'00" W	58.68'
L15	N 72°52'25" W	94.25'
L16	S 50°32'21" W	186.14'
L17	S 78°28'26" W	179.82'
L18	S 78°28'26" W	46.55'
L19	S 57°41'33" W	272.90'
L20	S 57°31'42" W	195.32'
L21	S 40°13'03" E	39.27'
L22	S 72°52'25" E	67.18'
L23	S 39°59'00" E	54.69'
L24	S 39°59'00" E	140.96'

## LEGEND

PROPERTY LINES SURVEYED  
PROPERTY LINES NOT SURVEYED  
ADJACENT PROPERTY LINES  
TIE LINES  
OLD INTERIOR LINE  
OVID DISTRIBUTION LINE  
(OVERHEAD)  
■ NCDOT DISC(F) ● MAG NAIL(S)  
△ #5 REBAR(S) □ CON. MON.(F)  
▲ #5 REBAR(F) ⊗ 3/4" IRON PIPE(F)  
D.E.C. DUKE ENERGY CORPORATION  
R.O.P. RATIO OF PRECISION  
☆ LIGHT POLE  
⊙ POWER POLE  
→ NTS → NOT TO SCALE  
○ Pt POINT NOT SET

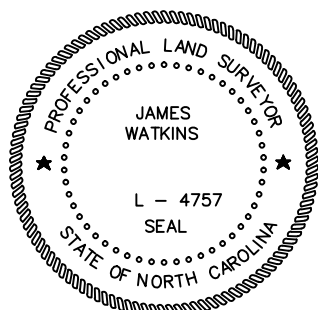


TOTAL AREA IN TRANSMISSION RIGHT-OF-WAY  
TO BE RETAINED =0.323 ACRES (LU:1694022)  
SITE: 009309

TOTAL AREA IN DISTRIBUTION RIGHT-OF-WAY  
TO BE RETAINED =1.248 ACRES (LU:1694036)  
SITE: 104383

100 YEAR FLOOD ZONE AE

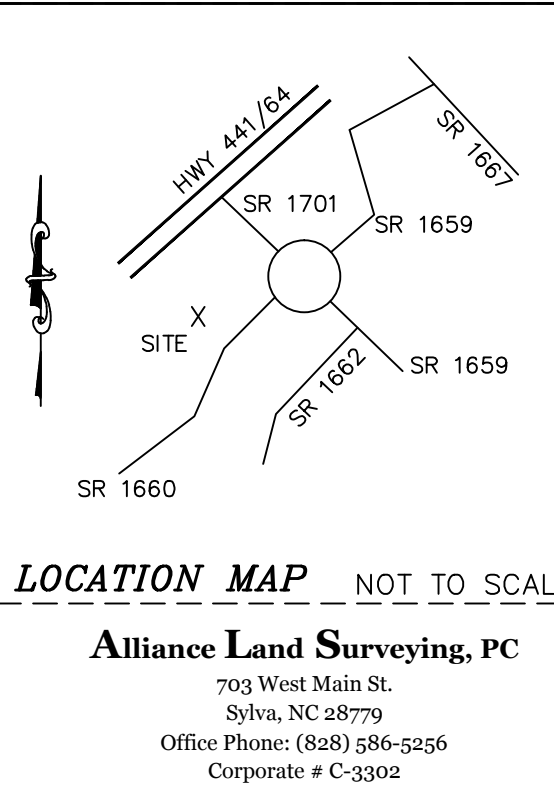
I, JAMES WATKINS, CERTIFY THAT THIS PLAT WAS DRAWN UNDER MY SUPERVISION  
FROM AN ACTUAL SURVEY MADE UNDER MY SUPERVISION (DEED DESCRIPTIONS  
LOCATED IN REFERENCES IN TITLE BLOCK); THAT THE BOUNDARIES NOT SURVEYED  
ARE CLEARLY INDICATED; THAT THE RATIO OF PRECISION AS CALCULATED IS  
1:\_\_\_\_10,000+\_\_\_\_; THAT THIS PLAT WAS PREPARED IN ACCORDANCE WITH G.S.  
47-30 AS AMENDED. WITNESS MY ORIGINAL SIGNATURE, REGISTRATION NUMBER AND  
SEAL THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ MARCH \_\_\_\_\_ AD \_\_\_\_\_ 2017.



STATE PLANE COORDINATES AS SHOWN WERE ESTABLISHED BY (VRS) GPS  
METHOD, AND THE DATUM IS NAD 83 (NRSR/2007). THE PROJECT  
COMBINED FACTOR = 0.99978003. PROJECT COORDINATES ARE LOCALIZED  
ON PT #1 (NCDOT MONUMENT) AND HAVE A STATE PLANE VALUE OF OF  
N:542,556.13' E: 693,633.19'. VERTICAL DATUM BASED ON NAVD 88.

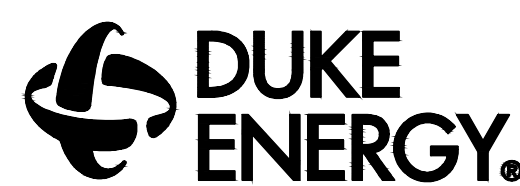
SITE: 009279

DUKE ENERGY CAROLINAS, LLC DOWDLE MOUNTAIN SUBSTATION SITE	
BOUNDARY SURVEY OF:	
<b>DOWDLE MOUNTAIN SUBDIVISION</b>	
FRANKLIN TOWNSHIP	MACON COUNTY, N.C.
BOOK: N/A DATE: 03/23/17 SCALE: 1"=80'	CREW: JMW/JTW DRAWN BY: JMW R.O.P.: 1"=10,000'+
LAND UNIT: 0000000	MAP: 009279-457678



FOR SOURCE OF TITLE  
REFERENCES:

DB R-34, PG 123  
DB D-16, PG 118  
DB J-23, PG 1616  
DB K-26, PG 825  
DB M-21, PG 793  
DB N-22, PG 285



400 S. TRYON STREET  
PO BOX 1007  
CHARLOTTE, N.C. 28201-1007  
TELEPHONE NO. (704) 382-2361

**EXHIBIT B**

**APPRAISAL LETTER  
AND APPRAISAL**



**Appraisal of Real Property**

**Land**

Vacant Land  
Siler Road  
Franklin, Macon County, North Carolina 28734

**Prepared For:**

Duke Energy Corporation

**Effective Date of the Appraisal:**

February 28, 2017

**Report Format:**

Appraisal Report – Standard Format

**IRR - Raleigh**

File Number: 167-2017-0081





**Land**  
Siler Road  
Franklin, North Carolina



March 3, 2017

Ms. Patricia Sutton  
Duke Energy Corporation  
550 S. Tryon St.  
Charlotte, NC 28202

SUBJECT:       Market Value Appraisal  
                  Land  
                  Siler Road  
                  Franklin, Macon County, North Carolina 28734  
                  IRR - Raleigh File No. 167-2017-0081

Dear Ms. Sutton:

Integra Realty Resources – Raleigh is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value as is of the fee simple interest in the property. The client for the assignment is Duke Energy Corporation, and the intended use is for asset valuation purposes.

The subject is a parcel of vacant land containing an area of 9.00 acres or 392,040 square feet. The property is currently zoned R-1, Residential District; however, based on conversations with Mr. Justin Setzer, Town Planner, the site will likely be rezoned to C-2SU, Secondary Commercial District Special Use, once requested by the owners. The C-2SU District is established to provide for general commercial activities, for those uses requiring easy vehicular access, circulation and parking, and larger lot areas than found in the C-1 Commercial District. This district promotes a broad range of commercial operations and services necessary for the operation of the town and surrounding areas.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and applicable state appraisal regulations. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

Ms. Patricia Sutton  
 Duke Energy Corporation  
 March 3, 2017  
 Page 2

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

<b>Value Conclusion</b>			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Fee Simple	February 28, 2017	\$2,980,000

#### **Extraordinary Assumptions and Hypothetical Conditions**

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. The subject land area is a portion of a larger parcel currently owned by Duke Energy Corporation. We have relied on information provided by the client stating that the subject land area to be appraised is 9.00 acres as drawn on the "Dowdle Mountain Excess Land Exhibit" which we have included in this report. We assume the land area is correct and there are no adverse easements or restrictions that would apply to the subject property.
2. Based on conversations with Mr. Justin Setzer, Town Planner, the site will likely be rezoned to C-2SU once requested by the owners.
3. Based on conversations with Mr. Tommy Jenkins, Macon County EDC Director, the subject's 9 acres still has a portion of land area that is deed restricted for residential use. Mr. Jenkins said that a survey and study would need to be conducted, but he estimates that approximately two acres are affected. Although requested, a survey was not provided and the deed history of the subject property could not be determined. We recommend a title search be completed, but for purposes of our analysis we have assumed that 2.0 acres of the 9.0 acres are deed restricted and prohibited for commercial use.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

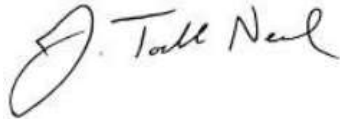
1. There are none.

Ms. Patricia Sutton  
Duke Energy Corporation  
March 3, 2017  
Page 3

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

**INTEGRA REALTY RESOURCES - RALEIGH**



J. Todd Neal, MAI  
Certified General Real Estate Appraiser  
North Carolina Certificate # A7213  
Telephone: 704.206.8274  
Email: tneal@irr.com



M. Scott Smith, MAI  
State Certified General Real Estate Appraiser  
North Carolina Certificate # A7627  
Telephone: (919)847-1717  
Email: ssmith@irr.com

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## Summary of Salient Facts and Conclusions

Property Name	Land
Address	Siler Road Franklin, Macon County, North Carolina 28734
Property Type	Land - Other
Owner of Record	Duke Energy Corporation
Tax ID	Portion of 6594-33-7105
Land Area	9.00 acres; 392,040 SF
Zoning Designation	R-1 (Likely to be rezoned to C-2SU), Residential District (rezoned to Secondary Commercial Special Use)
Highest and Best Use	Retail use
Exposure Time; Marketing Period	12 months; 12 months
Effective Date of the Appraisal	February 28, 2017
Date of the Report	March 3, 2017
Property Interest Appraised	Fee Simple
Sales Comparison Approach	
Number of Sales	4
Range of Sale Dates	Aug 15 to Dec 16
Range of Prices per SF (Unadjusted)	\$8.42 - \$11.54
Market Value Conclusion	\$2,980,000 (\$7.60/SF)

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Duke Energy Corporation may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. The subject land area is a portion of a larger parcel currently owned by Duke Energy Corporation. We have relied on information provided by the client stating that the subject land area to be appraised is 9.00 acres as drawn on the "Dowdle Mountain Excess Land Exhibit" which we have included in this report. We assume the land area is correct and there are no adverse easements or restrictions that would apply to the subject property.
2. Based on conversations with Mr. Justin Setzer, Town Planner, the site will likely be rezoned to C-2SU once requested by the owners.
3. Based on conversations with Mr. Tommy Jenkins, Macon County EDC Director, the subject's 9 acres still has a portion of land area that is deed restricted for residential use. Mr. Jenkins said that a survey and study would need to be conducted, but he estimates that approximately two acres are affected. Although requested, a survey was not provided and the deed history of the subject property could not be determined. We recommend a title search be completed, but for purposes of our analysis we have assumed that 2.0 acres of the 9.0 acres are deed restricted and prohibited for commercial use.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. There are none.

## Quality Assurance

Delivering superior value is a top priority at IRR and we place a premium on feedback from our valued clients. By learning more about your experience with IRR, we will be better able to serve your needs – to enhance our products, service offerings, and client communications.

Attached is a short survey applicable to this appraisal report and the service that you received. Please take a few minutes to share your experience of IRR with us. Your feedback will be reviewed by our Quality Control team. If you desire a follow-up telephone call, please provide your contact information and a member of our Quality Control team will contact you.

Access the online survey here: [quality.irr.com](http://quality.irr.com).

Thank you in advance for assisting us with this important endeavor. Please feel free to contact your Local Office using the contact information provided within the letter of transmittal or our Quality Control team at [quality@irr.com](mailto:quality@irr.com), with any questions or suggestions you may have.



## General Information

### Identification of Subject

The subject is a parcel of vacant land containing an area of 9.00 acres or 392,040 square feet. The property is currently zoned R-1, Residential District; however, based on conversations with Mr. Justin Setzer, Town Planner, the site will likely be rezoned to C-2SU, Secondary Commercial District Special Use, once requested by the owners. The C-2SU District is established to provide for general commercial activities, for those uses requiring easy vehicular access, circulation and parking, and larger lot areas than found in the C-1 Commercial District. This district promotes a broad range of commercial operations and services necessary for the operation of the town and surrounding areas. A legal description of the property is in the addenda.

---

#### Property Identification

---

Property Name	Land
Address	Siler Road
	Franklin, North Carolina 28734
Tax ID	Portion of 6594-33-7105
Owner of Record	Duke Energy Corporation
Census Tract Number	9706

---

### Sale History

The current owners have acquired and assembled the subject land area in multiple transactions dating back to around 1984 according to conversations with Mr. Keith McGuinness, Senior Land Strategist for Duke Energy.

We could not locate all the deed references related to the subject land area and recommend a title search. To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

### Pending Transactions

To the best of our knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date. We are aware that the owner has been approached with an offer to purchase 14 acres (which includes the subject nine acres) for \$3,000,000, or \$4.92 per square foot. Based on our market value conclusion, the offer to purchase is below market.

### Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value as is of the fee simple interest in the property as of the effective date of the appraisal, February 28, 2017. The date of the report is March 3, 2017. The appraisal is valid only as of the stated effective date or dates.

## Definition of Market Value

Market value is defined as:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

*(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)*

## Definition of As Is Market Value

As is market value is defined as, “The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.”

*(Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015); also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77471)*

## Definition of Property Rights Appraised

Fee simple estate is defined as, “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

*Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)*

## Intended Use and User

The intended use of the appraisal is for asset valuation purposes. The client and intended user is Duke Energy Corporation. The appraisal is not intended for any other use or user. No party or parties other than Duke Energy Corporation may use or rely on the information, opinions, and conclusions contained in this report.

## Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised June 7, 1994;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;

## Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

## Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

## Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

## Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

We use only the sales comparison approach in developing an opinion of value for the subject. This approach is applicable to the subject because there is an active market for similar properties, and sufficient sales data is available for analysis.

The cost approach is not applicable because there are no improvements that contribute value to the property, and the income approach is not applicable because the subject is not likely to generate rental income in its current state.

### **Research and Analysis**

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

### **Inspection**

J. Todd Neal, MAI, conducted an on-site inspection of the property on February 28, 2017. M. Scott Smith, MAI, did not inspect the subject property, but did review the report and concurs with the analysis and value conclusion.

## Economic Analysis

### Macon County Area Analysis

Macon County is located in western North Carolina. The county is approximately 516 square miles in size and has a population density of 67 persons per square mile.

#### Population

Macon County has an estimated 2016 population of 34,489, which represents an average annual 0.3% increase over the 2010 census of 33,922. Macon County added an average of 95 residents per year over the 2010-2016 period, but its annual growth rate lagged the State of North Carolina rate of 0.9%.

Looking forward, Macon County's population is projected to increase at a 0.5% annual rate from 2016-2021, equivalent to the addition of an average of 190 residents per year. Macon County's growth rate is expected to lag that of North Carolina, which is projected to be 1.0%.

Population Trends					
	Population			Compound Ann. % Chng	
	2010 Census	2016 Est.	2021 Est.	2010 - 2016	2016 - 2021
Macon County NC	33,922	34,489	35,441	0.3%	0.5%
North Carolina	9,535,483	10,089,413	10,586,956	0.9%	1.0%

Source: The Nielsen Company

#### Employment

Total employment in Macon County is currently estimated at 10,782 jobs. Between year-end 2005 and the present, employment declined by 459 jobs, equivalent to a 4.1% loss over the entire period. There were declines in employment in five out of the past ten years, influenced in part by the national economic downturn and slow recovery. Although many areas suffered declines in employment over the last decade, Macon County underperformed North Carolina, which experienced an increase in employment of 8.2% or 322,843 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Macon County unemployment rate has been generally higher than that of North Carolina, with an average unemployment rate of 7.8% in comparison to a 7.4% rate for North Carolina. A higher unemployment rate is a negative indicator.

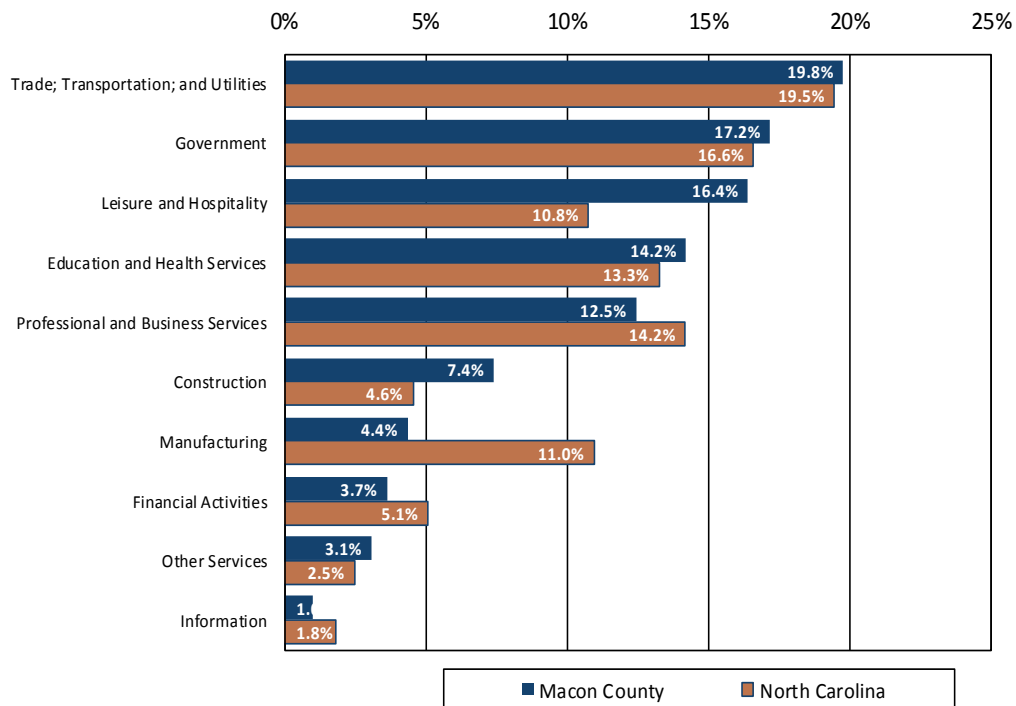
Recent data shows that the Macon County unemployment rate is 5.2% in comparison to a 5.0% rate for North Carolina, a negative sign that is consistent with the fact that Macon County has underperformed North Carolina in the rate of job growth over the past two years.

<b>Employment Trends</b>						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Macon County	% Change	North Carolina	% Change	Macon County	North Carolina
2005	11,241		3,926,923		4.7%	5.2%
2006	11,518	2.5%	4,065,884	3.5%	4.4%	4.8%
2007	11,923	3.5%	4,126,685	1.5%	4.1%	4.7%
2008	11,320	-5.1%	4,000,278	-3.1%	5.9%	6.1%
2009	10,440	-7.8%	3,804,059	-4.9%	11.0%	10.6%
2010	10,349	-0.9%	3,835,921	0.8%	11.6%	10.9%
2011	10,452	1.0%	3,889,178	1.4%	11.4%	10.3%
2012	10,604	1.5%	3,969,167	2.1%	10.6%	9.3%
2013	10,578	-0.2%	4,044,954	1.9%	9.1%	7.9%
2014	10,866	2.7%	4,142,253	2.4%	6.6%	6.3%
2015	10,782	-0.8%	4,249,766	2.6%	6.2%	5.7%
Overall Change 2005-2015	-459	-4.1%	322,843	8.2%		
Avg Unemp. Rate 2005-2015					7.8%	7.4%
Unemployment Rate - August 2016					5.2%	5.0%

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

### Employment Sectors

The composition of the Macon County job market is depicted in the following chart, along with that of North Carolina. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Macon County jobs in each category.

**Employment Sectors - 2015**

Source: Bureau of Labor Statistics and Economy.com

Macon County has greater concentrations than North Carolina in the following employment sectors:

1. Trade; Transportation; and Utilities, representing 19.8% of Macon County payroll employment compared to 19.5% for North Carolina as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Government, representing 17.2% of Macon County payroll employment compared to 16.6% for North Carolina as a whole. This sector includes employment in local, state, and federal government agencies.
3. Leisure and Hospitality, representing 16.4% of Macon County payroll employment compared to 10.8% for North Carolina as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.

Macon County is underrepresented in the following sectors:

1. Professional and Business Services, representing 12.5% of Macon County payroll employment compared to 14.2% for North Carolina as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
2. Manufacturing, representing 4.4% of Macon County payroll employment compared to 11.0% for North Carolina as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

3. Financial Activities, representing 3.7% of Macon County payroll employment compared to 5.1% for North Carolina as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.

### Major Employers

Major employers in Macon County are shown in the following table.

<b>Major Employers - Macon County NC</b>		
	Name	Number of Employees
1	Macon County Public Schools	500-999
2	Drake Enterprises LTD ( A Corp )	500-999
3	County of Macon	250-499
4	Angel Medical Center	250-499
5	Walmart Associates Inc.	250-499
6	Ingles Markets Inc.	100-249
7	Macon Bank Inc.	100-249
8	Town of Highlands Inc.	100-249
9	Lowe's Home Centers Inc.	100-249
10	Highlands Cashiers Hospital Inc.	100-249
Source: 4th Qtr 2015 NC Commerce, Labor & Economic Analysis Division		

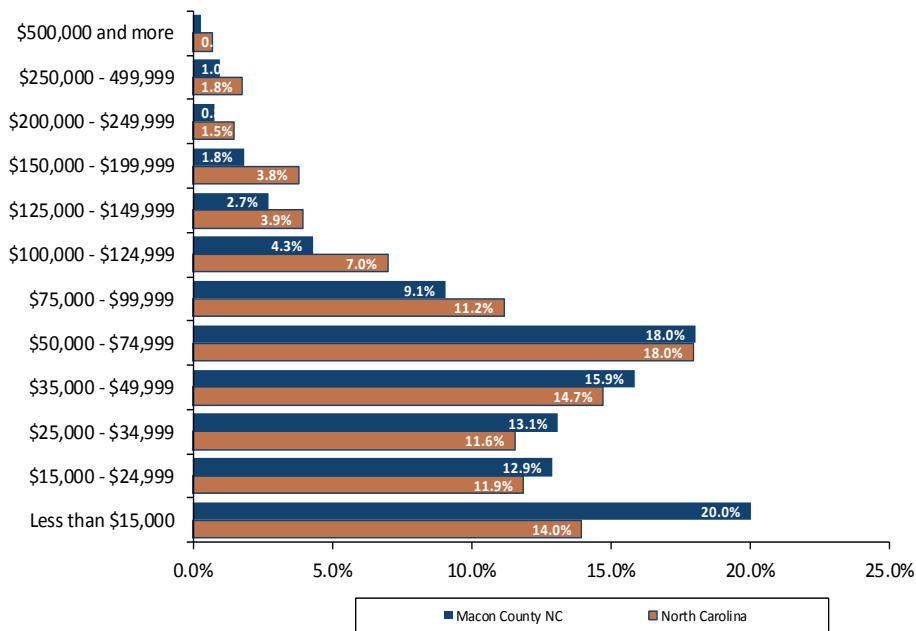
### Household Income

Macon County has a considerably lower level of household income than North Carolina. Median household income for Macon County is \$38,720, which is 19.0% less than the corresponding figure for North Carolina.

<b>Median Household Income - 2016</b>	
	Median
Macon County NC	\$38,720
North Carolina	\$47,811
Comparison of Macon County NC to North Carolina	- 19.0%
Source: The Nielsen Company	

The following chart shows the distribution of households across twelve income levels. Macon County has a greater concentration of households in the lower income levels than North Carolina. Specifically, 46% of Macon County households are below the \$35,000 level in household income as compared to 37% of North Carolina households. A lesser concentration of households is apparent in the higher income levels, as 20% of Macon County households are at the \$75,000 or greater levels in household income versus 30% of North Carolina households.

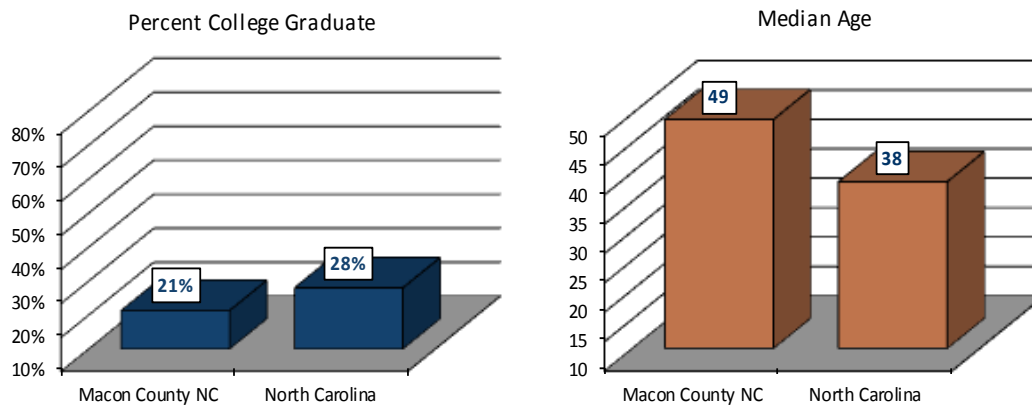


**Household Income Distribution - 2016**

Source: The Nielsen Company

**Education and Age**

Residents of Macon County have a lower level of educational attainment than those of North Carolina. An estimated 21% of Macon County residents are college graduates with four-year degrees, versus 28% of North Carolina residents. People in Macon County are older than their North Carolina counterparts. The median age for Macon County is 49 years, while the median age for North Carolina is 38 years.

**Education & Age - 2016**

Source: The Nielsen Company

## Conclusion

The Macon County economy will be affected by a growing population base and lower income and education levels. Macon County experienced a decline in the number of jobs, and had a generally higher unemployment rate than North Carolina over the past decade. On balance, we anticipate that growth in the Macon County economy will be limited, resulting in only a modest level of demand for real estate in general.

## Area Map



## Surrounding Area Analysis

### Location

The subject is located in the central portion of Macon County, in the town of Franklin. The immediate area has been infused with new commercial activity since the construction of the Walmart Supercenter in 2012.

### Access and Linkages

Primary highway access to the area is via US Highways 64, 23, and 441. The subject is located on US Highway 23. Public transportation is not provided to the market area. Overall, the primary mode of transportation in the area is the automobile. Overall, access to the subject neighborhood is considered average.

### Demand Generators

Major employers include Macon County Public Schools, Drake Enterprises, Macon County, Angel Medical Center, and Walmart. The primary demand generator for the area is based on the mountains and recreational activities. The local area is known for the Appalachian Mountains, the Nantahala National Forest, and activities such as golf, fishing, rafting, biking, motorcycling, hiking, and camping.

### Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics					
2016 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Macon County NC	North Carolina
Population 2010	917	9,954	18,067	33,922	9,535,483
Population 2016	927	9,990	18,239	34,489	10,089,413
Population 2021	946	10,170	18,638	35,441	10,586,956
Compound % Change 2010-2016	0.2%	0.1%	0.2%	0.3%	0.9%
Compound % Change 2016-2021	0.4%	0.4%	0.4%	0.5%	1.0%
Households 2010	394	4,288	7,720	14,591	3,745,155
Households 2016	394	4,270	7,730	14,807	3,976,162
Households 2021	400	4,329	7,868	15,209	4,180,534
Compound % Change 2010-2016	0.0%	-0.1%	0.0%	0.2%	1.0%
Compound % Change 2016-2021	0.3%	0.3%	0.4%	0.5%	1.0%
Median Household Income 2016	\$30,068	\$33,068	\$34,617	\$38,720	\$47,811
Average Household Size	2.3	2.3	2.3	2.3	2.5
College Graduate %	18%	20%	19%	21%	28%
Median Age	43	45	46	49	38
Owner Occupied %	61%	69%	74%	78%	67%
Renter Occupied %	39%	31%	26%	22%	33%
Median Owner Occupied Housing Value	\$151,257	\$154,676	\$155,604	\$170,722	\$166,216
Median Year Structure Built	1982	1983	1984	1985	1987
Avg. Travel Time to Work in Min.	22	23	23	24	26

Source: The Nielsen Company

As shown above, the current population within a 3-mile radius of the subject is 9,990, and the average household size is 2.3. Population in the area has grown since the 2010 census, and this trend is

projected to continue over the next five years. Compared to Macon County overall, the population within a 3-mile radius is projected to grow at a slower rate.

Median household income is \$33,068, which is lower than the household income for Macon County. Residents within a 3-mile radius have a lower level of educational attainment than those of Macon County, while median owner occupied home values are considerably lower.

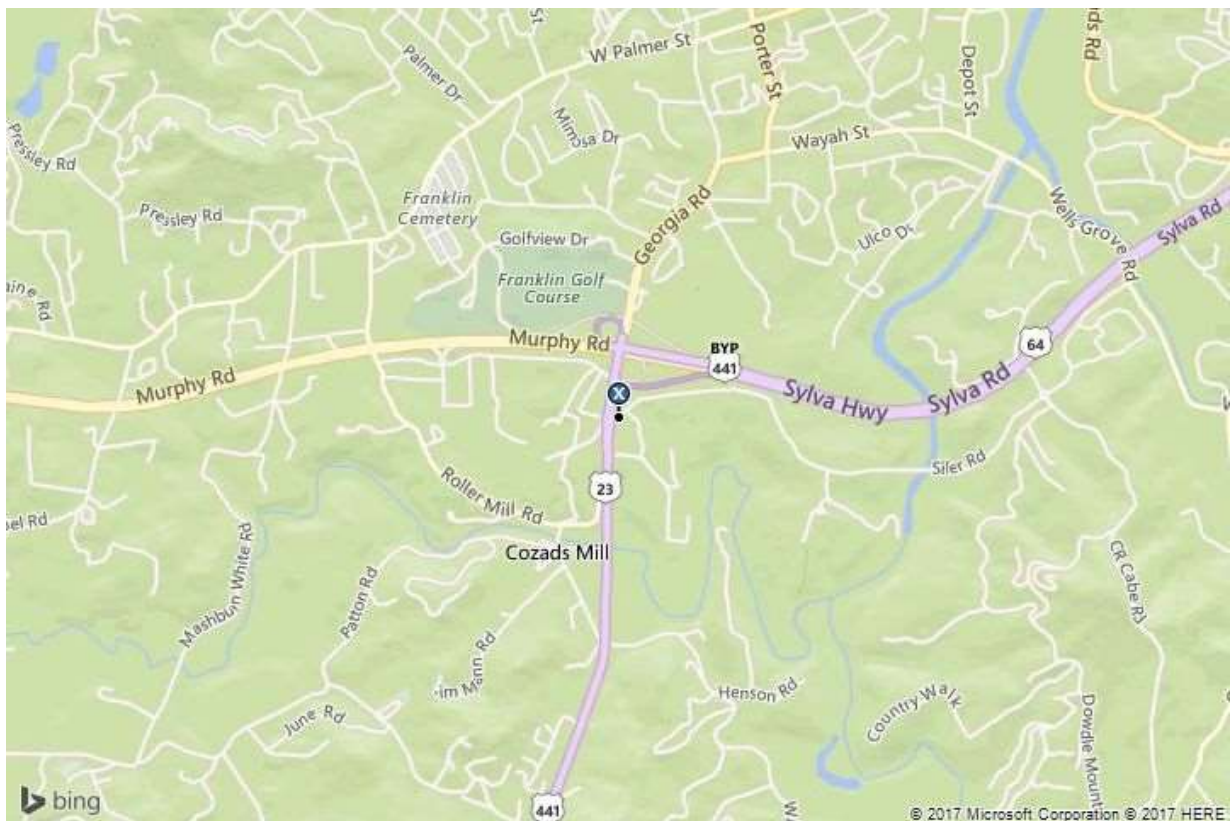
### Land Use

The area is small town in character and approximately 50% developed. Predominant land uses are retail, vacant land, and single-family residential. During the last five years, development has been primarily of retail and commercial uses.

### Outlook and Conclusions

The area is in the growth stage of its life cycle. We anticipate that property values will increase in the near future.

### Surrounding Area Map



## Property Analysis

### Land Description and Analysis

Land Description	
Land Area	9.00 acres; 392,040 SF
Source of Land Area	Land exhibit provided by Client
Primary Street Frontage	Siler Road
Secondary Street Frontage	Sylva Road
Shape	Irregular
Corner	Yes
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	37113C6594J
Date	May 4, 2009
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No
Zoning; Other Regulations	
Zoning Jurisdiction	Town of Franklin
Zoning Designation	R-1 (Likely to be rezoned to C-2SU)
Description	Residential District (rezoned to Secondary Commercial Special Use)
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	Yes
Permitted Uses	Based on conversations with Mr. Justin Setzer, Town Planner, the site will likely be rezoned to C-2SU once requested by the owners. The C-2SU District is established to provide for general commercial activities, for those uses requiring easy vehicular access, circulation and parking, and larger lot areas than found in the C-1 Commercial District. This district promotes a broad range of commercial operations and services necessary for the operation of the town and surrounding areas.
Minimum Lot Area	8,000 square feet
Minimum Setbacks (Feet)	Front - 10'; Rear - 10'; Side - 10'
Maximum Building Height	65'
Other Land Use Regulations	Based on conversations with Mr. Tommy Jenkins, Macon County EDC Director, the subject's nine acres still has a portion of land area that is deed restricted for residential use only. Mr. Jenkins said that a survey and study would need to be conducted, but he estimates that approximately two acres are affected.
Utilities	
Service	Provider
Water	Town of Franklin
Sewer	Town of Franklin
Electricity	Duke Energy
Natural Gas	Toccoa Natural Gas
Local Phone	Various Providers

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.



We were not provided a current title report to review. Based on conversations with Mr. Tommy Jenkins, Macon County EDC Director, the subject's nine acres have a portion of land area that is deed restricted for residential use only. Mr. Jenkins said that a survey and study would need to be conducted, but he estimates that approximately two acres are affected. We are not aware of any other easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

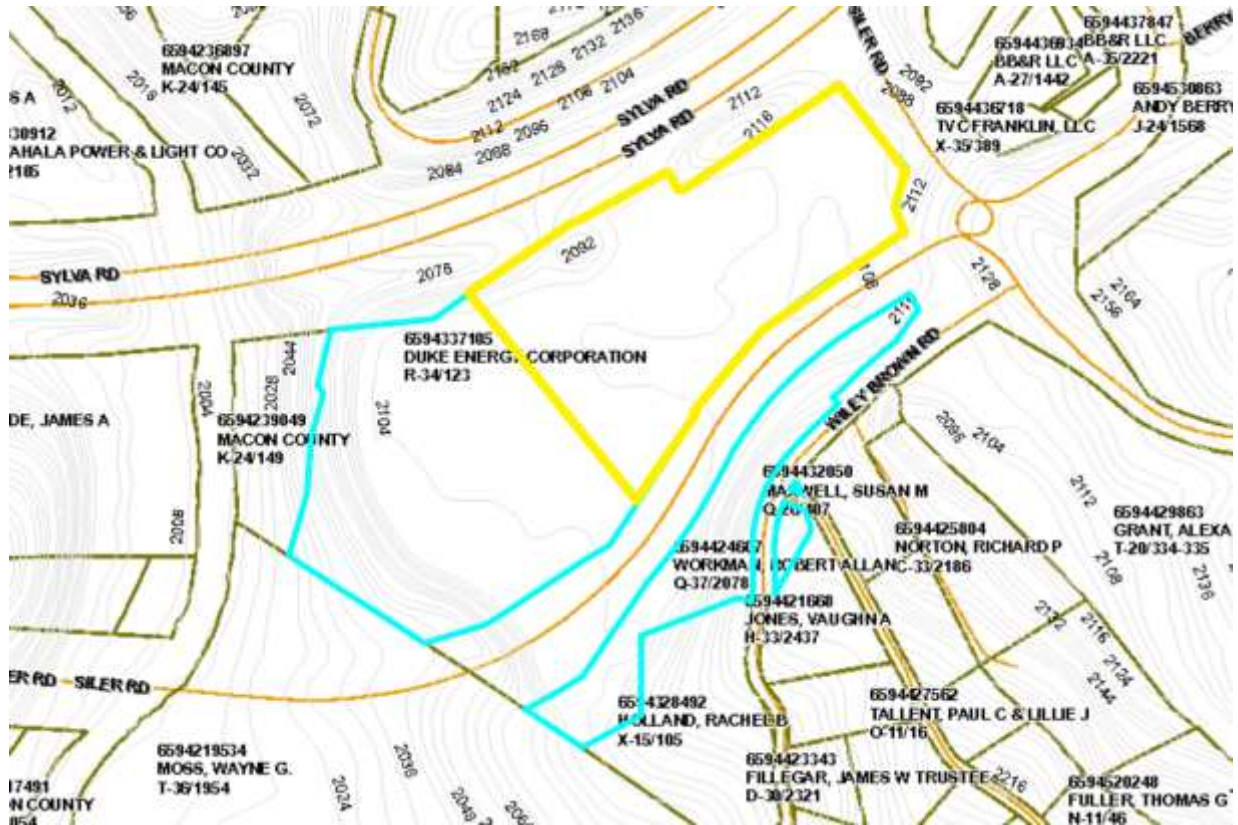
Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.

Map showing land parcels and owners in Macon County, Georgia. Key features include:

- Roads:** SYLVA RD, SILER RD, WILEY BROWN RD.
- Landowners and Parcel IDs:**
  - 6594236897 MACON COUNTY P-21/2185 K-24/145
  - 6594338912 NANTAHALA POWER & LIGHT CO. Q-35/2327
  - 6594338001 LONG, DORIS W & JAMES DONALD O-11/184
  - 6594337105 DUKE ENERGY CORPORATION R-34/123
  - 6594239049 MACON COUNTY K-24/149
  - 6594432050 MAXWELL, SUSAN M Q-26/107
  - 659425804 NORTON, RICHARD P C-33/2186
  - 659421668 JONES, VAUGHN H-33/2437
  - 659424607 WORKMAN, ROBERT ALLAN Q-37/2878
  - 6594425417 SHULER, CHARLES L TALLENT, PAUL C & LILLIE J Y-21/675 659420465 6594427562 Q-11/16 6594426335 DALY, KATHLEEN ERMANN SHULER, CHARLES L N-37/428 Q-19/1282-1285 6594423343 EILLEGAR, JAMES W TRUSTEE D-30/2321 6594428151 6594520248 FULLER, THOMAS N-11/46
  - 6594437847 6594438834 BB&R LLC A-27/1442 6594530063 ANDY BERRY & SC J-24/1568
  - 6594436718 TVC FRANKLIN, LLC X-35/389
  - 659429863 GRANT, ALEXANDER FR T-20/334-335
  - 6594219534 MOSS, WAYNE G. T-36/1954

Land

## Topography Map



## Aerial Map





## Flood Map



## Land Exhibit

Dowdle Mountain excess land exhibit







View of Subject  
(Photo Taken on February 28, 2017)



View of Subject  
(Photo Taken on February 28, 2017)



View of Subject  
(Photo Taken on February 28, 2017)



View of Subject  
(Photo Taken on February 28, 2017)



View of Subject  
(Photo Taken on February 28, 2017)



View of Subject  
(Photo Taken on February 28, 2017)



View of Subject  
(Photo Taken on February 28, 2017)



View of Subject  
(Photo Taken on February 28, 2017)



Looking Southwest Along Siler Road  
(Photo Taken on February 28, 2017)



Looking Northeast Along Siler Road  
(Photo Taken on February 28, 2017)

## Real Estate Taxes

The real estate tax assessment of the subject is administered by Macon County. The tax rates are based on 100.0% of the assessed value and are based on 100.0% of the market value for tax purposes. All North Carolina counties must revalue property at least once every eight years. The most recent revaluation of the subject property occurred January 1, 2015. The next scheduled revaluation is January 1, 2019.

Estimated real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2017							
Tax ID	Assessed Value			Taxes and Assessments			
	Land	Improvements	Total	Ad Valorem			Total
				Tax Rate	Taxes	Direct Assessments	
Portion of 6594-33-7105	\$1,037,430	\$0	\$1,037,430	0.401370%	\$4,164	\$0	\$4,164

The composite tax rate for the subject property for the 2016 tax year was \$0.3935 per \$100 of assessed value. The 2017 tax rates have not been released. We have estimated a 2.0% increase in the tax rate for the 2017 tax year. Therefore, the 2017 tax rate is estimated to be \$0.40137 per \$100 of assessed value and the real estate tax liability is \$4,164. Note that the current owners are tax exempt.

Based on the concluded market value of the subject, the assessed value is low. The low assessment is likely due to the subject's current residential zoning classification.

## Highest and Best Use

### Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as vacant, and as improved. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

### As Vacant

#### Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

#### Legally Permissible

The site is currently zoned R-1, Residential District; however, it is likely to be rezoned to C-2SU, Secondary Commercial Special Use District, based on conversations with Mr. Justin Setzer, Town Planner. Based on conversations with Mr. Tommy Jenkins, Macon County EDC Director, the subject's nine acres have a portion of land area that is deed restricted for residential use only. Mr. Jenkins said that a survey and study would need to be conducted, but he estimates that approximately two acres are affected and even though zoning may change, these two acres would continue to be deed restricted.

To our knowledge, there are no other legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only retail use is given further consideration for the seven acres that are not deed restricted in determining highest and best use of the site, as though vacant. We have considered the two acres that will be impacted by the residential deed restriction to have limited utility use. It is not clear at this point without a title search as to how this land area could be used. Therefore, we have applied only thirty percent of the retail land value to this land area due to the risks and unknown uses of this area.

#### Financially Feasible

Based on our analysis of the market, there is currently adequate demand for retail use in the subject's area. It appears that a newly developed retail use on the site would have a value commensurate with its cost. Therefore, retail use is considered to be financially feasible.

**Maximally Productive**

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than retail use. Accordingly, it is our opinion that retail use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

**Conclusion**

Development of the site for retail use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as vacant. Note that the two acres negatively impacted by the deed restriction has a limited utility use that will be factored into our analysis.

**As Improved**

No improvements are situated on the subject. Therefore, a highest and best analysis as improved is not applicable.

**Most Probable Buyer**

Taking into account the functional utility of the site and area development trends, the probable buyer is an owner-user, or a local or regional investor.

# Valuation

## Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized



## Sales Comparison Approach

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

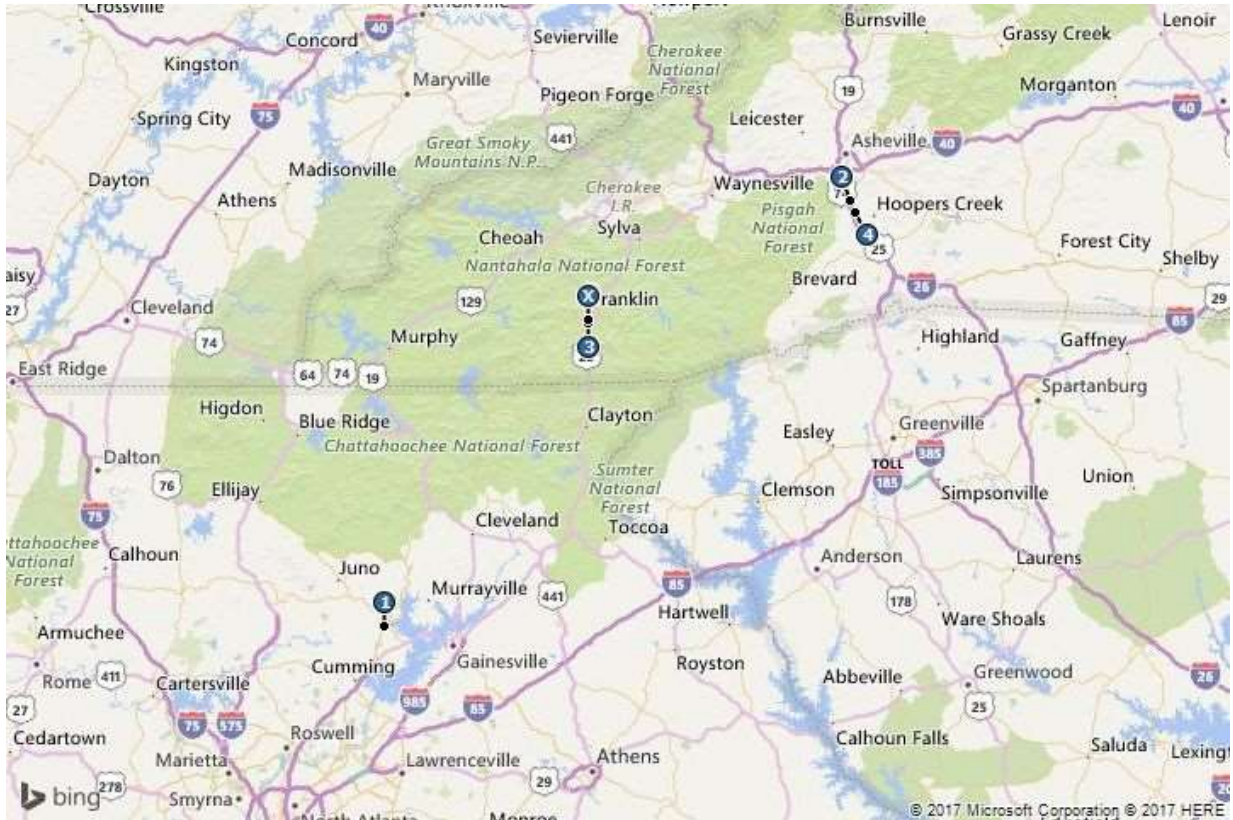
Our sales research focused on transactions within the following parameters:

- Location: Macon County; however, there have been few comparable sized commercial land transactions in the immediate area. We interviewed several local brokers and market participants, as well as conducted searches and found limited comparables in the area. Therefore, we broadened our search to include other tertiary markets in North Carolina and Georgia.
- Size: 5 to 15 acres
- Use: Retail and commercial uses
- Transaction Date: Prior three year period

For this analysis, we use price per square foot as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales						
No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Zoning	\$/SF Land
1	Dawson Marketplace Land 3862 Dawson Forest Rd. Dawsonville Dawson County GA <i>Comments: Sale of a vacant land site at the corner of Dawson Forest Road and US 19 in Dawsonville, GA. Site had a small house on site at the time of sale. Buyer plans on subdividing or holding on for investment purposes.</i>	Dec-16 Closed	\$4,650,000	405,108 9.30	General Commercial	\$11.48
2	7.51 Acres Land 273-295 Long Shoals Rd Arden Buncombe County NC <i>Comments: Commercial property fronting Long Shoals Road with 27,000 average vehicles per day. Next to Ingles and across from Biltmore park. One quarter mile from I-26.</i>	Nov-15 Closed	\$3,775,000	327,136 7.51		\$11.54
3	Ingles Land 1281 Georgia Rd. Franklin Macon County NC <i>Comments: Bought to build Ingles SuperMarket</i>	Nov-15 Closed	\$5,546,000	567,587 13.03	Highway Commercial	\$9.77
4	8.737 Acres of Commercial Land 421 Airport Rd. Arden Buncombe County NC <i>Comments: The property was subdivided into 4 parcels which are still under the MPG Kernersville, LLC ownership and proposed to be developed with a Hobby Lobby and retail strip center.</i>	Aug-15 Closed	\$3,204,000	380,584 8.74	Employment District	\$8.42
<b>Subject</b>				392,040	Residential District (rezoned to	
Land				9.00	Secondary Commercial Special	
Franklin, NC					Use)	

## Comparable Land Sales Map





Sale 1  
Dawson Marketplace Land



Sale 2  
7.51 Acres Land



Sale 3  
Ingles Land



Sale 4  
8.737 Acres of Commercial Land

### Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	No adjustments required.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	No adjustments required.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	No adjustments required.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	No adjustments required.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	An annual upward adjustment of 2.0% was applied for improving market conditions over the period.
Location	Market or submarket area influences on sale price; surrounding land use influences.	All four sales were given downward adjustments for their superior locations.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	No adjustments required.
Size	Inverse relationship that often exists between parcel size and unit value.	No adjustments required.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	No adjustments required.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	We will make a bottom line adjustment for the subject's two acres of deed restricted land that only allows for residential uses.
Utilities	Access to public utilities such as water and sewer.	No adjustments required.

The following table summarizes the adjustments we make to each sale.

<b>Land Sales Adjustment Grid</b>					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name	Land	Dawson Marketplace Land	7.51 Acres Land	Ingles Land	8.737 Acres of Commercial Land
Address	Siler Road	3862 Dawson Forest Rd.	273-295 Long Shoals Rd	1281 Georgia Rd.	421 Airport Rd.
City	Franklin	Dawsonville	Arden	Franklin	Arden
County	Macon	Dawson	Buncombe	Macon	Buncombe
State	North Carolina	GA	NC	NC	NC
Sale Date		Dec-16	Nov-15	Nov-15	Aug-15
Sale Status		Closed	Closed	Closed	Closed
Sale Price		\$4,650,000	\$3,775,000	\$5,546,000	\$3,204,000
Square Feet	392,040	405,108	327,136	567,587	380,584
Acres	9.00	9.30	7.51	13.03	8.74
Shape	Irregular	Irregular	Irregular	Irregular	Irregular
Topography	Level	Level	Level	Gently Sloping	Level
Zoning Code	C-2SU	GC	CB11	HC (Franklin)	EMP
Water	Yes	Yes	Yes	Yes	Yes
Sewer	Yes	Yes	Yes	Yes	Yes
<b>Price per Square Foot</b>		<b>\$11.48</b>	<b>\$11.54</b>	<b>\$9.77</b>	<b>\$8.42</b>
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length
% Adjustment		-	-	-	-
Market Conditions	2/28/2017	Dec-16	Nov-15	Nov-15	Aug-15
Annual % Adjustment	2%	-	3%	3%	3%
<b>Cumulative Adjusted Price</b>		<b>\$11.48</b>	<b>\$11.89</b>	<b>\$10.06</b>	<b>\$8.67</b>
Location		-20%	-20%	-10%	-10%
Access/Exposure		-	-	-	-
Size		-	-	-	-
Shape and Topography		-	-	-	-
Zoning		-	-	-	-
Utilities		-	-	-	-
Net \$ Adjustment		-\$2.30	-\$2.38	-\$1.01	-\$0.87
Net % Adjustment		-20%	-20%	-10%	-10%
<b>Final Adjusted Price</b>		<b>\$9.18</b>	<b>\$9.51</b>	<b>\$9.06</b>	<b>\$7.80</b>
Overall Adjustment		-20%	-18%	-7%	-7%
<b>Range of Adjusted Prices</b>		<b>\$7.80 - \$9.51</b>			
<b>Average</b>		<b>\$8.89</b>			
<b>Indicated Value</b>		<b>\$9.00</b>			

### Land Value Conclusion

Prior to adjustment, the sales reflect a range of \$8.42 - \$11.54 per square foot. After adjustment, the range is narrowed to \$7.80 - \$9.51 per square foot, with an average of \$8.89 per square foot. We give greatest weight to sale 3 as it is located in proximity to the subject and is considered the best indicator of value. We arrive at a land value conclusion as follows:

<b>Land Value Conclusion</b>	
Indicated Value per Square Foot	\$9.00
Subject Square Feet	392,040
Indicated Value	\$3,528,360
Adjustments	
Limited Utility of Two Acres	-\$550,000
Total Adjustments	-\$550,000
Indicated Value	\$2,978,360
Rounded	\$2,980,000

We have made a limited utility adjustment for the two acres negatively impacted by the residential deed restriction. Limited utility land typically sells for 50% to 90% less than unaffected land areas. We have applied a 70% discount to the subject two acres that are deed restricted. Therefore, the two acres is valued at \$2.70 per square foot, while the seven remaining acres are valued at \$9.00 per square foot. Therefore, our limited utility adjustment is \$548,856, or \$550,000 rounded (\$9.00SF - \$2.70SF = \$6.30SF x 87,120SF).

We are aware of a 5.00 acre land sale at 205 Siler Road that sold on January 1, 2016 for \$340,000, or \$1.56 per square foot. The buyer has plans to construct a 60-unit affordable housing development. This transaction was not included due to its different highest and best use and location along Siler Road.

We are also aware of an 8.75 acre land sale at Sawmill Village that sold on February 5, 2014 for \$748,000, or \$1.96 per square foot. The buyer and seller were related and it was not considered an arm's length transaction. According to the broker, he thinks that property was appraised later in 2015 for well over \$1,500,000. This piece of land is also behind current retail development and less visible than the subject property.

Brokers we spoke with stated that the area around Georgia Road and Sawmill Village has historically been the main commercial center of town and fairly comparable to what the area near the subject is trying to move towards with Walmart and the other retailers in the area. There just have not been many arm's length transaction of any size to compare with the subject other than the Ingles land sale which is used in our analysis above. Smaller parcel sales that are less than two acres have sold anywhere from \$10.00 to \$17.00 per square foot over the last three years.

One broker we spoke with from Markham Bankston Realtors stated that it was difficult to place a value on the subject land due to its size and location near the Walmart and lack of recent comparables. He indicated that the tax assessments have been pretty accurate lately and they have recently been doing a good job on commercial land. He indicated that the 4.27 acre piece at Franklin Commons (beside Walmart) is currently assessed for 2,562,000, or \$13.77 per square foot.

We are aware that the owner has been approached with an offer to purchase 14 acres (which includes the subject nine acres) for \$3,000,000, or \$4.92 per square foot. Based on our market value conclusion, the offer to purchase on a per unit basis is low.

## Reconciliation and Conclusion of Value

As discussed previously, we use only the sales comparison approach in developing an opinion of value for the subject. The cost and income approaches are not applicable, and are not used.

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our value opinion follows:

Value Conclusion			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Fee Simple	February 28, 2017	\$2,980,000

### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. The subject land area is a portion of a larger parcel currently owned by Duke Energy Corporation. We have relied on information provided by the client stating that the subject land area to be appraised is 9.00 acres as drawn on the "Dowdle Mountain Excess Land Exhibit" which we have included in this report. We assume the land area is correct and there are no adverse easements or restrictions that would apply to the subject property.
2. Based on conversations with Mr. Justin Setzer, Town Planner, the site will likely be rezoned to C-2SU once requested by the owners.
3. Based on conversations with Mr. Tommy Jenkins, Macon County EDC Director, the subject's 9 acres still has a portion of land area that is deed restricted for residential use. Mr. Jenkins said that a survey and study would need to be conducted, but he estimates that approximately two acres are affected. Although requested, a survey was not provided and the deed history of the subject property could not be determined. We recommend a title search be completed, but for purposes of our analysis we have assumed that 2.0 acres of the 9.0 acres are deed restricted and prohibited for commercial use.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. There are none.

### Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market value stated previously, it is our opinion that the probable exposure time is 12 months.

### Marketing Period

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. We estimate the subject's marketing period at 12 months.



## Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. J. Todd Neal, MAI, made a personal inspection of the property that is the subject of this report. M. Scott Smith, MAI, has not personally inspected the subject.
12. No one provided significant real property appraisal assistance to the persons signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, J. Todd Neal, MAI and M. Scott Smith, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.



J. Todd Neal, MAI  
Certified General Real Estate Appraiser  
North Carolina Certificate # A7213



M. Scott Smith, MAI  
State Certified General Real Estate Appraiser  
North Carolina Certificate # A7627

## Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
  8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
  9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
  10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
  11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
  12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
  13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
  14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
  15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
  16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
  17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
  19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
  20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Raleigh, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
  21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
  22. Integra Realty Resources – Raleigh is not a building or environmental inspector. Integra Raleigh does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
  23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
  24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the

- appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – Raleigh, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

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**Extraordinary Assumptions and Hypothetical Conditions**

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The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. The subject land area is a portion of a larger parcel currently owned by Duke Energy Corporation. We have relied on information provided by the client stating that the subject land area to be appraised is 9.00 acres as drawn on the "Dowdle Mountain Excess Land Exhibit" which we have included in this report. We assume the land area is correct and there are no adverse easements or restrictions that would apply to the subject property.
2. Based on conversations with Mr. Justin Setzer, Town Planner, the site will likely be rezoned to C-2SU once requested by the owners.
3. Based on conversations with Mr. Tommy Jenkins, Macon County EDC Director, the subject's 9 acres still has a portion of land area that is deed restricted for residential use. Mr. Jenkins said that a survey and study would need to be conducted, but he estimates that approximately two acres are affected. Although requested, a survey was not provided and the deed history of the subject property could not be determined. We recommend a title search be completed, but for purposes of our analysis we have assumed that 2.0 acres of the 9.0 acres are deed restricted and prohibited for commercial use.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. There are none.
-

## **Addendum A**

### **Appraiser Qualifications**



## J. Todd Neal, MAI

### Experience

Senior Analyst with Integra Realty Resources - Charlotte. Began appraisal career in October 2006, working for Integra Realty Resources - Charlotte after employment as an Insurance and Financial Products Specialist with State Farm Insurance.

Has appraised a wide variety of property types and through the participation of numerous assignments developed particular strengths and expertise in the valuation of vacant parcels of land, office buildings, industrial buildings, mixed use, and special purpose properties including religious institutions and schools.

### Professional Activities & Affiliations

Appraisal Institute, Member (MAI) , June 2014

### Licenses

North Carolina, Certified General Real Estate Appraiser, A7213, Expires June 2017

South Carolina, Real Estate Appraiser, CG6711, Expires June 2018

### Education

B. S. Degree, Finance; Risk Management and Insurance; Real Estate, Appalachian State, Boone, NC (1997)

Appraisal courses completed are as follows:

R-1 Introduction to Real Estate Appraisal  
Creative Education, LLC, Gastonia, NC

R-2, Valuation Principles and Practices  
Central Piedmont Community College, Charlotte, NC

R-3, Applied Residential Property Valuation  
Central Piedmont Community College, Charlotte, NC

USPAP, Uniform Standards of Professional Appraisal Practice  
Appraisal Schools by M. Curtis West, Charlotte, NC

G-1, Introduction to Income Property Appraisal  
North Carolina Real Estate Education, Inc., Charlotte, NC

G-2, Advanced Income Capitalization Procedures  
North Carolina Real Estate Education, Inc., Charlotte, NC

G-3, Applied Income Property Valuation  
North Carolina Real Estate Education, Inc., Charlotte, NC

510, Advanced Income Capitalization  
520, General Market Analysis & Highest and Best Use  
530, Advanced Sales Comparison and Cost Approaches

#### Integra Realty Resources Charlotte

214 W. Tremont Avenue  
Suite 200  
Charlotte, NC 28203

T 704-376-0295  
F 704-342-3704

irr.com



## J. Todd Neal, MAI

### Education (Cont'd)

540, Report Writing and Valuation Analysis  
 550, Advanced Applications  
 Business Practices and Ethics  
 General Comprehensive Exam (January 2014)

Integra Realty Resources  
 Charlotte

214 W. Tremont Avenue  
 Suite 200  
 Charlotte, NC 28203

T 704-376-0295  
 F 704-342-3704

irr.com



## M. Scott Smith, MAI

### Experience

Director with Integra Realty Resources - Raleigh. Began appraisal career in September, 2007, working for Integra Realty Resources - Charlotte after employment as a mortgage loan officer.

Specializes in multifamily valuation but has appraised a wide variety of property types including but not limited to: vacant land, industrial, manufacturing and distribution facilities, single and multi-tenant retail properties, general and medical offices, subdivision analyses, gas marts, proposed and existing mixed use developments, and several various special purpose properties.

### Professional Activities & Affiliations

Appraisal Institute, Member (MAI) , August 2014

### Licenses

North Carolina, State Certified General Real Estate Appraiser, A7627, Expires June 2017  
Virginia, State Certified General Real Estate Appraiser, 4001 016353, Expires October 2018

### Education

B. S. Degree, Agriculture Business Management, NC State, Raleigh, NC (2004)

Appraisal courses completed are as follows:

R-1 Introduction to Real Estate Appraisal  
R-2, Valuation Principles and Practices  
R-3, Applied Residential Property Valuation  
USPAP, Uniform Standards of Professional Appraisal Practice  
Statistics, Modeling and Finance  
Argus Discounted Cash Flow Software  
General Appraiser Sales Comparison Approach  
General Appraiser Site Valuation and Cost Approach  
General Appraiser Report Writing and Case Studies  
General Appraiser Income Approach, Part I  
General Appraiser Income Approach, Part II  
General Appraiser Market Analysis and Highest and Best Use  
Expert Witness for Commercial Appraisers  
Commercial Appraisal Review  
Business Practices and Ethics  
Advanced Income Capitalization  
Advanced Market Analysis and Highest and Best Use  
Quantitative Analysis  
Advanced Concepts and Case Studies

### Integra Realty Resources Raleigh

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irr.com





## About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

*Local Expertise...Nationally!*

# irr.com



Addenda

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## **Addendum B**

### **Property Information**

Land



**2011007887**MACON CO, NC FEE \$26.00  
PRESENTED & RECORDED

11-30-2011 10:08:30 AM

TODD RABY  
REGISTER OF DEEDS  
BY: JANA SMITH  
DEPUTY**BK: CRP R-34****PG: 123-129**

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**(ABOVE THIS LINE FOR REGISTER OF DEEDS USE ONLY)**Prepared By and Return To: Kevin G. Mahoney, Assistant Attorney General, North Carolina  
Department of Justice, 42 N. French Broad Avenue, Asheville, NC 28801

NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE  
SUPERIOR COURT DIVISION

MACON COUNTY

10-CVS-526

DEPARTMENT OF TRANSPORTATION,

Plaintiff,

v.

DUKE ENERGY CAROLINAS, LLC,

Defendant.

**CONSENT JUDGMENT** *kw*

**THIS CAUSE** coming on to be heard and being heard before the undersigned Judge of the Superior Court and it appearing to the Court and the Court finding as fact:

That this action was duly instituted on the 16th day of August 2010 by the issuance of Summons, filing of a Complaint and Declaration of Taking and Notice of Deposit and by the deposit of FOUR HUNDRED SIXTY THREE THOUSAND, FOUR HUNDRED TWENTY FIVE (\$463,425.00) DOLLARS as estimated just compensation; that Summons was duly served on the

Project 40118.2.1 (R-4748), Parcel 012  
AG TR-09-004032010-CVS-526  
Macon County



defendant, Duke Energy Carolinas, LLC, together with a copy of the Complaint and Declaration of Taking and Notice of Deposit on the 24<sup>th</sup> day of August, 2010; that the defendant filed answer within time permitted by law.

That the defendant is the only party who has or claims to have an interest in the property described in the Complaint and Declaration of Taking, and the title to the property is not in dispute; that as of the date of the institution of this action, the property described in the Complaint and Declaration of Taking, and Amended Complaint filed herewith, was subject only to such liens and encumbrances as were set forth in Exhibit "A" of the Complaint and Declaration of Taking; That all parties who are necessary to the determination of this action are properly before the Court; and that the defendants are under no legal disability.

That now, the defendant and the plaintiff have reached an agreement whereby the plaintiff has agreed to pay and the defendant has agreed to accept the additional sum of THREE HUNDRED EIGHTY NINE THOUSAND, FIVE HUNDRED SEVENTY FIVE (\$389,575.00) DOLLARS, as complete and final settlement of all claims in this action and as just compensation pursuant to Article 9, Chapter 136, of the North Carolina General Statutes for the appropriation of the interests and areas as set forth in the Complaint and Declaration of Taking, and as hereinafter more particularly described; for any and all claims for interest and costs; for any and all damages caused by the acquisition for the construction of Department of Transportation Project ID # R-4748 (WBS# 40118.2.1), Macon County; and for the past and future use thereof by the Department of Transportation, its successors and assigns, for all purposes for which the said Department of Transportation is authorized by law to subject the same.

**NOW, THEREFORE, IT IS ORDERED, ADJUDGED, AND DECREED:**

1. That the Department of Transportation, the plaintiff herein, was entitled to acquire and did acquire, free and clear of all encumbrances, on the 16th day of August 2010, by the filing of a Complaint and Declaration of Taking and Notice of Deposit, and Amended Complaint filed herewith, together with the deposit of FOUR HUNDRED SIXTY THREE THOUSAND, FOUR HUNDRED TWENTY FIVE (\$463,425.00) DOLLARS, those certain interests or estates and areas, hereinafter more particularly described, in, over, upon, and across the property of the defendants; and that said property of the defendants is described as follows:

Being all of that tract of land more particularly described in that certain MEMORANDUM OF ACTION captioned "DEPARTMENT OF TRANSPORTATION, Plaintiff, v. DUKE ENERGY CAROLINAS, LLC, Defendant," recorded in the Office of the Register of Deeds for Macon County in Book CRP V-33, Page 1547-1548, reference to which MEMORANDUM OF ACTION is made for a more particular description of said property of the defendants.

2. That the interests or estates acquired in, over, upon, and across the hereinabove described property of the defendants are described as follows:

Project 40118.2.1 (R-4748), Parcel 012  
AG TR-09-00403

-2-

2010-CVS-526  
Macon County

**INTERESTS OR ESTATE TAKEN:**

Fee simple title to right of way, and a slope easement for providing lateral support to the highway, or land adjacent thereto, which easement area will revert to the owner at such time as said owners lowers or raises the elevation of the land adjacent to said highway to the extent that such lateral support is no longer needed and, in addition, a temporary construction easement to continue until the completion of the project, at which time said temporary construction easement area will revert to the owner.

3. That the areas acquired in, over, upon and across the herein above described property are accurately shown upon a map, entitled "PROPERTY DESCRIBED IN CIVIL ACTION ENTITLED STATE OF NORTH CAROLINA DEPARTMENT OF TRANSPORTATION VS. DUKE ENERGY CAROLINAS, LLC, MACON COUNTY, 2010-CVS-526," as Parcel 12 filed by the plaintiff herewith to include survey lines and station numbers as are delineated on the Master Plans for Department of Transportation Project I.D.# R-4748 (WBS# 40118.2.1) as Parcel # 12, on file in the Right-of-Way Branch of the Department of Transportation, Transportation Building, in Raleigh, North Carolina, and also on a copy of said project plans which are or will be recorded, as required by law, in the office of the Register of Deeds of Macon County, to which plans reference is hereby made for greater certainty of the areas and interests herein conveyed, and said areas and interests are described by metes and bounds as follows:

**NEW RIGHT OF WAY # 1:**

BEGINNING at Point "2" being N 26° 03' 43" W 85.00 ft. from -L- 41+35.00, thence N 57° 07' 12" E 335.97 ft. to point "3"; thence N 34° 07' 48" E 241.40 ft. to point "4"; thence along a curve turning to the right, having a radius of 960.0000 ft. and having a chord with a bearing of N 42° 06' 48" E and a chord distance of 522.05 ft., an arc distance of 528.71 ft. along said curve to point "6"; thence N 57° 53' 27" E 205.17 ft. to point "8"; thence along a curve turning to the left, having a radius of 217.0000 ft. and having a chord with a bearing of S 33° 58' 04" E and a chord distance of 123.95 ft., an arc distance of 125.70 ft. along said curve to point "9"; thence S 50° 33' 38" E 10.46 ft. to point "10"; thence S 33° 36' 13" W 17.99 ft. to point "11"; thence along a curve turning to the right, having a radius of 975.0000 ft. and having a chord with a bearing of S 35° 07' 19" W and a chord distance of 51.67 ft., an arc distance of 51.68 ft. along said curve to point "12"; thence S 36° 34' 05" W 2.77 ft. to point "13"; thence N 32° 06' 36" W 42.22 ft. to point "14"; thence S 57° 53' 27" W 145.87 ft. to point "15"; thence along a curve turning to the left, having a radius of 840.0000 ft. and having a chord with a bearing of S 42° 06' 48" W and a chord distance of 456.80 ft., an arc distance of 462.62 ft. along said curve to point "17"; thence along a curve turning to the right, having a radius of 1010.0000 ft. and having a chord with a bearing of S 34° 07' 48" W and a chord distance of 273.95 ft., an arc distance of 274.79 ft. along said curve to point "18"; thence S 34° 56' 00" W 265.19 ft. to point "19"; thence along a curve turning to the right, having a radius of 1075.0000 ft. and having a chord with a bearing of S 59° 59' 41" W and a chord distance of 146.12 ft., an arc distance of 146.24 ft. along said curve to point "20"; thence N 55° 57' 53" W 149.33 ft. to point

"334"; thence N 57° 19' 17" W 121.54 ft. to point "1"; thence N 73° 37' 52" E 138.62 ft. to point "2"; returning to the place of BEGINNING, containing 199533 sq. ft., 4.581 ac., more or less.

#### NEW RIGHT OF WAY # 2:

BEGINNING at Point "21" being N 43° 28' 09" W 25.00 ft. from -Y4- 11+00.00, thence N 43° 28' 09" W 20.00 ft. to point "22"; thence N 46° 31' 51" E 90.69 ft. to point "23"; thence along a curve turning to the right, having a radius of 1045.0000 ft. and having a chord with a bearing of N 49° 20' 38" E and a chord distance of 102.58 ft., an arc distance of 102.62 ft. along said curve to point "24", thence along a curve turning to the right, having a radius of 1050.0000 ft. and having a chord with a bearing of S 41° 41' 18" W and a chord distance of 177.28 ft., an arc distance of 177.49 ft. along said curve to point "25", thence S 46° 31' 51" W 16.49 ft. to point "21"; returning to the place of BEGINNING, containing 2812 sq. ft., 0.065 ac., more or less.

#### NEW RIGHT OF WAY # 3:

BEGINNING at Point "28" being S 29° 32' 42" E 165.00 ft. from -Y3- 11+25.00, thence N 29° 32' 42" W 44.55 ft. to point "29"; thence N 62° 21' 38" E 427.11 ft. to point "27"; thence along a curve turning to the right, having a radius of 3029.7900 ft. and having a chord with a bearing of S 56° 23' 19" W and a chord distance of 427.95 ft., an arc distance of 428.31 ft. along said curve to point "28", returning to the place of BEGINNING, containing 11668 sq. ft., 0.268 ac., more or less.

#### NEW RIGHT OF WAY # 4:

BEGINNING at Point "27" being S 37° 38' 46" E 164.88 ft. from -Y3- 15+29.99, thence N 62° 21' 39" E 7.02 ft. to point "30"; thence S 76° 04' 27" E 106.25 ft. to point "31"; thence S 40° 22' 00" E 117.60 ft. to point "32"; thence along a curve turning to the left, having a radius of 730.0000 ft. and having a chord with a bearing of S 22° 21' 39" W and a chord distance of 78.14 ft., an arc distance of 78.18 ft. along said curve to point "33", thence S 19° 20' 49" W 1.19 ft. to point "26"; thence N 39° 59' 01" W 241.84 ft. to point "27"; returning to the place of BEGINNING, containing 12733 sq. ft., 0.292 ac., more or less.

#### SLOPE EASEMENT:

BEGINNING at Point "42" being N 34° 28' 11" W 90.79 ft. from -L- 42+74.36, thence S 57° 07' 12" W 126.48 ft. to point "2"; thence S 73° 37' 52" W 97.96 ft. to point "43"; thence N 61° 10' 14" W 44.73 ft. to point "34"; thence N 52° 28' 48" W 25.20 ft. to point "35"; thence N 30° 17' 42" E 14.56 ft. to point "36"; thence N 89° 44' 18" E 29.03 ft. to point "37"; thence S 82° 29' 27" E 39.02 ft. to point "38"; thence S 88° 22' 53" E 38.68 ft. to point "39"; thence N 19° 51' 01" E 59.99 ft. to point "40"; thence N 79° 18' 42" E 84.38 ft. to point "41"; thence S 65° 35' 14" E 46.53 ft. to point "42"; returning to the place of BEGINNING, containing 11267 sq. ft., 0.259 ac., more or less.

TEMPORARY CONSTRUCTION EASEMENT #1:

BEGINNING at Point "42" being N 34° 28' 11" W 90.79 ft. from -L- 42+74.36, thence N 65° 35' 14" W 46.53 ft. to point "41"; thence S 79° 18' 42" W 84.38 ft. to point "40"; thence S 19° 51' 01" W 59.99 ft. to point "39"; thence N 88° 22' 53" W 38.68 ft. to point "38"; thence N 82° 29' 27" W 39.02 ft. to point "37"; thence S 89° 44' 18" W 29.03 ft. to point "36"; thence S 30° 17' 42" W 14.56 ft. to point "35"; thence S 52° 28' 48" E 25.20 ft. to point "34"; thence S 61° 10' 14" E 44.73 ft. to point "43"; thence S 73° 37' 52" W 40.66 ft. to point "1"; thence N 57° 19' 17" W 28.81 ft. to point "44"; thence N 16° 40' 12" W 30.98 ft. to point "45"; thence N 29° 55' 21" E 33.29 ft. to point "46"; thence S 84° 54' 30" E 103.61 ft. to point "47"; thence N 14° 33' 31" E 77.34 ft. to point "48"; thence N 87° 50' 58" E 194.05 ft. to point "49"; thence S 57° 07' 12" W 72.40 ft. to point "42"; returning to the place of BEGINNING, containing 8092 sq. ft., 0.186 ac., more or less.

TEMPORARY CONSTRUCTION EASEMENT #2:

BEGINNING at Point "52" being S 57° 53' 27" W 79.41 ft. from -Y2- 18+50.00, thence S 39° 59' 01" E 105.18 ft. to point "26"; thence N 47° 34' 54" W 56.23 ft. to point "51"; thence N 31° 25' 59" W 50.00 ft. to point "52"; returning to the place of BEGINNING, containing 391 sq. ft., 0.009 ac., more or less.

4. That the Department of Transportation, the plaintiff herein, pay into Court the additional sum of THREE HUNDRED EIGHTY NINE THOUSAND, FIVE HUNDRED SEVENTY FIVE (\$389,575.00) DOLLARS, and that said sum, together with the original deposit made by the plaintiff in this action, unless heretofore disbursed by order of the Court, be disbursed by the Clerk to John W. Francisco, as counsel for, and for the benefit of, the defendant, Duke Energy Carolinas, LLC, as its interests may appear.

5. That the sum of EIGHT HUNDRED FIFTY THREE THOUSAND (\$853,000.00) DOLLARS, said sum being the total amount of the original deposit plus said additional amount, is just compensation pursuant to Article 9, Chapter 136, of the North Carolina General Statutes for the taking of the herein above described interests and areas by the Department of Transportation; for any and all claims for interest and costs; for any, and all damages caused by the acquisition for the construction of Department of Transportation Project ID# R-4748 (WBS# 40118.2.1), Macon County; and for the past and future use thereof by the Department of Transportation, its successors and assigns, for all purposes for which the said Department of Transportation is authorized by law to subject the same.

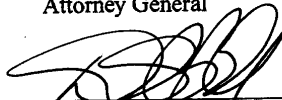
6. That a copy of this Judgment be certified by the Clerk of Superior Court of this county to the Register of Deeds, who shall record the same among the land records of said County.


This the 16<sup>th</sup> day of November 2011.

  
JUDGE OF SUPERIOR COURT


APPROVED AND CONSENTED TO:


ROY COOPER  
Attorney General

  
David P. Brenskelle  
Special Deputy Attorney General

  
Kevin G. Mahoney  
Assistant Attorney General

Duke Energy Carolinas, LLC

By:   
Title: DIRECTOR, LAND SERVICES

  
John W. Francisco  
Attorney for Defendant

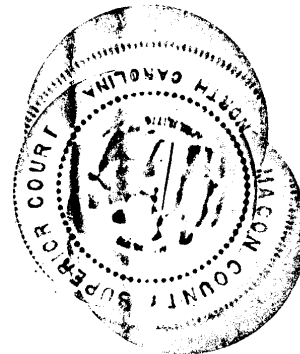
STATE OF NORTH CAROLINA

COUNTY OF MACON

I, Jean Vallent, Clerk Clerk of the Superior Court of Macon County, North Carolina, do hereby certify that the foregoing is a true, accurate and correct copy of the Judgment entered in this case entitled, "DOT v. DUKE ENERGY CAROLINAS, LLC, as taken from and compared to the original on file in my office.

Witness my hand and the official seal, this the 24 day of November 2011.

Jean Vallent, Clerk, CSC  
Clerk of Superior Court of Macon County  
Franklin, North Carolina



Printed: 25 FEB 2017 - by SYS  
CARD 1 OF 1

Macon County NC Property Record Card / APPR

Page: 1  
Tax Year : 2017

Description  
Parcel : 6594-33-7105 SILER RD

Tax Districts  
F02 CLARKS CHAPEL FIRE DISTRICT

OWNER INFORMATION			PROPERTY FACTORS			SALES INFORMATION		
ACCT: 53741	DUKE ENERGY CORPORATION		Topography	Utilities		Date	Sales Price	Vld
	550 SOUTH TRYON ST (DEC41B)		R ROLLING	A ALL		11/30/11	0	R-34/123
	CHARLOTTE, NC 28201					08/15/12	0	C 1A/MERGE
			View	Streets/Roads				
				S PVD STATE				

MISCELLANEOUS INFORMATION			ENTRANCE INFORMATION			VALUE SUMMARY		
Township	: FRANKLIN		Date	Type	Source	Appraiser	Assessed	Current
Address	: SILER RD		05/23/14	15	Estimate	LKF	Land : 1,037,430	1,037,430
Zoning	: FC2 FRANKLIN SECONDARY COMMERCIAL		08/14/13	0	Estimate	TAA	Bldg : 0	0
Nbrhood	: 01031 FRANKLIN SECONDARY COMM		04/23/12		Estimate	JEB	Tot Appr : 1,037,430	1,037,430
Map   Rte	: 6594.00		08/30/11		Estimate	TAA	Defer : 0	0
Class	: EX EXEMPT		03/01/05		Estimate	DKM	Net Taxable : 1,037,430	1,037,430

Remarks:  
27.85 TAKE OUT 5.43 PER R/W FOR ROAD 10/CVS/526 R-34/123  
CONSTRUCTION TRAILER ON PROPERTY

LAND DATA			VALUES			LAST UPDATED BY : KF on 05/23/2014		
#	MTH TYPE	SIZE	PRICE	%ADJ	APPR	DEFER	TAX	LAST COMPUTED BY : LKF on 12/15/2015
1	A 0501 COMM SECONDARY	5.00	150,000		750,000	0	750,000	
2	A 0110 RESIDENTIAL	17.42	16,500		287,430	0	287,430	
Total Acres : 22.42			Land Totals			1,037,430	0	1,037,430

OUTBUILDINGS			YEAR EFF YR			TAX VALUE		
BLDG#	TYPE	MTH DESCRIPTION	REMARKS	WIDTH	LENGTH	AREA GRD	BUILT	BUILT COND PHYS FUNC ECON
							CARD 1	OUTBUILDING VALUE
								0

End of Page 1

Printed: 25 FEB 2017 - by SYS  
CARD 1 OF 1

Macon County NC Property Record Card / APPR

Page: 2

Parcel : 6594-33-7105 SILER RD  
Owner : 53741 DUKE ENERGY CORPORATION

Nbrhd: 01031 FRANKLIN SECONDARY COMM  
Address: SILER RD

BUILDING DESCRIPTION	
VAL METHOD	:
USE CODE	:
STYLE	:
NBR STORIES	:
WALL HEIGHT	:
FOUNDATION	:
EXTERIOR WALL	:
YR BUILT / EFF	:
CONDITION	:
GRADE	:
DESIGN FACTOR	:
ROOF TYPE	:
ROOF COVER	:
BSMT AREA / VALUE	: NO BASEMENT
ATTIC AREA	: NO ATTIC
INTERIOR FLOOR	:
INTERIOR WALL	:



ROOMS / BDRMS : /  
FULL / HALF BATHS : 0 / 0 ADDL FIX: 0  
FIREPLACE TYPE/CNT:  
FIREPLACE OPENINGS: 0 CHIMNEY(S): 0  
AIR COND PCT :  
SPRINKLER PCT :  
HEATING TYPE :  
HEATING FUEL :  
OTHER FEATURES :  
% COMPLETE :  
DESCRIPTION :  
REMARKS :

Heated Sq Ft :

----- BUILDING SECTION DETAIL -----  
LN TYPE DESCRIPTION AREA VALUE #ST P% F%

----- BUILDING COMPUTATION -----  
RCN

PHYS DEPR  
FUNC DEPR  
ECON DEPR  
% COMPLETE

RCNLD

LAST PICTURE DATE :

End of Page 2

Addenda

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## **Addendum C**

### **Comparable Data**

Land



# Land Sale Profile

Sale No. 1

## Location & Property Identification

Property Name: Dawson Marketplace Land  
 Sub-Property Type: Commercial, Retail  
 Address: 3862 Dawson Forest Rd.  
 City/State/Zip: Dawsonville, GA 30534  
 County: Dawson

Market Orientation: Suburban

IRR Event ID: 1455566



## Sale Information

Sale Price: \$4,650,000  
 Effective Sale Price: \$4,650,000  
 Sale Date: 12/20/2016  
 Listing Price: \$6,700,000  
 Sale Status: Closed  
 \$/Acre(Gross): \$500,000  
 \$/Land SF(Gross): \$11.48  
 \$/Acre(Usable): \$500,000  
 \$/Land SF(Usable): \$11.48  
 Grantor/Seller: James Norton  
 Grantee/Buyer: Rimrock Devlin Development

Assemblage: No  
 Portfolio Sale: No  
 Property Rights: Fee Simple  
 Exposure Time: 47 (months)  
 Financing: Cash to seller  
 Document Type: Deed  
 Recording No.: Book 1223 Page 596  
 Verified By: Ms. Melissa Kramer Zevallos, MAI  
 Verification Date: 02/08/2017  
 Confirmation Source: Jeff Pittman - Piedmont RE Group  
 Verification Type: Confirmed-Seller Broker  
 Secondary Verific. Source: Assessor, CoStar, Deed

## Improvement and Site Data

MSA: Atlanta-Sandy Springs-Roswell, GA  
 Acres(Usable/Gross): 9.30/9.30  
 Land-SF(Usable/Gross): 405,108/405,108  
 Usable/Gross Ratio: 1.00  
 Shape: Irregular  
 Topography: Level  
 Corner Lot: Yes  
 Zoning Code: GC  
 Zoning Desc.: General Commercial  
 Source of Land Info.: Public Records

## Comments

Sale of a vacant land site at the corner of Dawson Forest Road and US 19 in Dawsonville, GA. Site had a small house on site at the time of sale. Buyer plans on subdividing or holding on for investment purposes.

Vacant land at the corner of Dawson Forest Road and US 19 in Dawsonville, GA.

# Land Sale Profile

Sale No. 2

## Location & Property Identification

Property Name: 7.51 Acres Land  
 Sub-Property Type: Commercial  
 Address: 273-295 Long Shoals Rd  
 City/State/Zip: Arden, NC 28704  
 County: Buncombe  
  
 Market Orientation: Suburban  
  
 IRR Event ID: 1263291



## Sale Information

Sale Price: \$3,775,000  
 Effective Sale Price: \$3,775,000  
 Sale Date: 11/06/2015  
 Sale Status: Closed  
 \$/Acre(Gross): \$502,663  
 \$/Land SF(Gross): \$11.54  
 \$/Acre(Usable): \$502,663  
 \$/Land SF(Usable): \$11.54  
 Grantor/Seller: Eddie Sasser  
 Grantee/Buyer: RDA Holdings @ 291 Long Shoals Road LLC  
  
 Property Rights: Fee Simple  
 Financing: Cash to seller  
 Document Type: Deed  
 Recording No.: 5370/1372 Plat: 150/86  
 Verified By: George John  
 Verification Date: 03/31/2016  
 Confirmation Source: Rusty Pulliam, 828-684-4344  
 Verification Type: Confirmed-Seller Broker

Corner Lot: Yes  
 Frontage Feet: 1480  
 Frontage Desc.: Long Shoals Rd/ CP and L Dr  
 Zoning Code: CB11  
 Flood Plain: No  
 Utilities: Electricity, Water Public, Sewer, Gas  
  
 Utilities Desc.: All utilities: On Site  
 Source of Land Info.: Other

## Comments

Commercial property fronting Long Shoals Road with 27,000 average vehicles per day. Next to Ingles and across from Biltmore park. One quarter mile from I-26.

Property has combined parcel numbers into one since time of sale.

## Improvement and Site Data

Legal/Tax/Parcel ID: 964448114000000  
 Acres(Usable/Gross): 7.51/7.51  
 Land-SF(Usable/Gross): 327,136/327,136  
 Usable/Gross Ratio: 1.00  
 Shape: Irregular  
 Topography: Level

7.51 Acres Land



# Land Sale Profile

Sale No. 3

## Location & Property Identification

Property Name: Ingles Land  
 Sub-Property Type: Commercial  
 Address: 1281 Georgia Rd.  
 City/State/Zip: Franklin, NC 28734  
 County: Macon  
 Market Orientation: Suburban  
 IRR Event ID: 1464372



## Sale Information

Sale Price: \$5,546,000  
 Effective Sale Price: \$5,546,000  
 Sale Date: 11/02/2015  
 Sale Status: Closed  
 \$/Acre(Gross): \$425,633  
 \$/Land SF(Gross): \$9.77  
 \$/Acre(Usable): \$425,633  
 \$/Land SF(Usable): \$9.77  
 Grantor/Seller: Big Bear of North Carolina, LLC  
 Grantee/Buyer: Ingles Markets, Inc  
 Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Financing: Cash to seller  
 Terms of Sale: Arm's Length  
 Document Type: Deed  
 Recording No.: A-37/945  
 Verified By: J. Todd Neal, MAI  
 Verification Date: 03/02/2017  
 Confirmation Source: Justin Setzer - City Planner  
 Verification Type: Confirmed-Other

Shape: Irregular  
 Topography: Gently Sloping  
 Corner Lot: No  
 Frontage Feet: 2173  
 Frontage Desc.: Belden-1173', Georgia-1000'  
 Zoning Code: HC (Franklin)  
 Zoning Desc.: Highway Commercial  
 Flood Plain: Yes  
 Utilities: Electricity, Water Public, Sewer  
 Source of Land Info.: Other

## Comments

Bought to build Ingles SuperMarket

## Improvement and Site Data

Legal/Tax/Parcel ID: 0116457  
 Acres(Usable/Gross): 13.03/13.03  
 Land-SF(Usable/Gross): 567,587/567,587  
 Usable/Gross Ratio: 1.00

Ingles Land



# Land Sale Profile

Sale No. 4

## Location & Property Identification

Property Name: 8.737 Acres of Commercial Land

Sub-Property Type: Commercial, Retail

Address: 421 Airport Rd.

City/State/Zip: Arden, NC 28704

County: Buncombe

Market Orientation: Suburban

IRR Event ID: 1367155



## Sale Information

Sale Price: \$3,204,000

Effective Sale Price: \$3,204,000

Sale Date: 08/07/2015

Sale Status: Closed

\$/Acre(Gross): \$366,716

\$/Land SF(Gross): \$8.42

\$/Acre(Usable): \$366,716

\$/Land SF(Usable): \$8.42

Grantor/Seller: Leon K. Lance and Jane F. Lance, husband and wife

Grantee/Buyer: MPG Kernersville, LLC

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale: Arms Length

Document Type: Deed

Recording No.: 5341/1924

Verified By: Ellie Paolantonio

Verification Date: 07/12/2016

Confirmation Source: Via Burgin Properties, LLC

Verification Type: Confirmed-Buyer

Usable/Gross Ratio: 1.00

Shape: Irregular

Topography: Level

Frontage Feet: 505

Frontage Desc.: Airport Rd.

Zoning Code: EMP

Zoning Desc.: Employment District

Flood Plain: No

Utilities: Electricity, Water Public, Sewer, Gas

Source of Land Info.: Public Records

## Comments

The property was subdivided into 4 parcels which are still under the MPG Kernersville, LLC ownership and proposed to be developed with a Hobby Lobby and retail strip center.

## Improvement and Site Data

MSA: Asheville, NC

Legal/Tax/Parcel ID: Portion of 9643-85-3911

Acres(Usable/Gross): 8.74/8.74

Land-SF(Usable/Gross): 380,583/380,583

**8.737 Acres of Commercial Land**



Addenda

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**Addendum D**  
**Engagement Letter**

Land



Integra Realty Resources  
Raleigh

8382 Six Forks Road  
Suite 200  
Raleigh, NC 27615

T 919.847.1717  
F 919.847.1714  
www.irr.com



February 6, 2017

Patricia Sutton  
Duke Energy Center  
550 South Tryon Street  
Charlotte, NC 28202

SUBJECT:        Proposal/Authorization for Valuation and Consulting Services  
                     Three Land Tracts  
                     (See Attachment II)

Dear Ms. Sutton:

Upon your acceptance of this letter agreement, Integra Realty Resources – Raleigh ("IRR – Raleigh"), will prepare an appraisal of the Subject Properties.

The purpose of the appraisal is to provide an opinion of the market value of the fee simple interest in the Subject Property. The intended use of the appraisal is for asset valuation. The use of the appraisal by anyone other than you is prohibited. The appraisal will be prepared in conformance with and subject to, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the *Uniform Standards of Professional Appraisal Practice* (USPAP) developed by the Appraisal Standards Board of the Appraisal Foundation. The Ethics Rule of USPAP requires us to disclose to you any prior services we have performed regarding the Subject Property within a three-year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity.

In accordance with our correspondence, the scope of this assignment will require IRR – Raleigh to consider all relevant and applicable approaches to value as determined during the course of our research, Subject Property analysis and preparation of the report.

The appraisal will be communicated in an **Appraisal Report-Standard**. All work will be performed under the supervision of the undersigned. The appraisal and this letter agreement will be subject to our standard assumptions and limiting conditions a copy of which is attached as Attachment I.



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IRR – Raleigh is an independently owned and operated company. The parties hereto agree that Integra Realty Resources, Inc. (“Integra”) shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR – Raleigh. In addition, it is expressly agreed that in any action which may be brought against IRR – Raleigh and/or any of its officers, owners, managers, directors, agents, subcontractors or employees (the “Integra Parties”), arising out of, relating to, or in any way pertaining to this engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

The total fee for three appraisal assignments will be \$10,000 (including expenses) and the delivery date will be March 3, 2017, but subject to extension based upon late delivery of the requested data and scheduled access for inspection. The fees will be due and payable within 30 days of the delivery of the reports. It is understood that simple interest of 15% per annum will accrue on any unpaid balance for compensation due, subject to reduction pursuant to any applicable usury law. We shall also be entitled to recover our costs (including attorneys’ fees), associated with collecting any amounts owed or otherwise incurred in connection with this assignment. If the assignment is cancelled by either party prior to completion, you agree to pay us for all our expenses and our time to date based upon the percentage of work completed.

One electronic copy (.pdf) of the report will be provided. Up to three copies of each appraisal report will be provided upon request. The delivery date is contingent upon the absence of events outside our control, timely access for inspection of the Subject Property, as well as our receipt of all requested information necessary to complete the assignment.

Please be advised that we are not experts in the areas of building inspection (including mold), environmental hazards, ADA compliance or wetlands. Therefore, unless we have been provided with appropriate third party expert reports, the appraisals will assume that there are no environmental, wetlands, or ADA compliance problems. The agreed upon fees for our services assume the absence of such issues inasmuch as additional research and analysis may be required. If an expert is required, you are responsible for their selection, payment and actions.

In the event that we receive a subpoena or are called to testify in any litigation, arbitration or administrative hearing of any nature whatsoever or as a result of this engagement or the related report, to which we are not a party, you agree to pay our then current hourly rates for such preparation and presentation of testimony. You agree that: (i) the data collected by us in this assignment will remain our property; and (ii) with respect to any data provided by you, IRR – Raleigh and its partner companies may utilize, sell and include such data (either in the aggregate or individually), in the Integra database and for use in derivative products. You agree that all data already in the public domain may be utilized on an unrestricted basis. Finally, you agree that we may use commercially available as well as proprietary software programs to perform your assignment (web based and others).

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If you are in agreement with the terms set forth in this letter and wish us to proceed with the engagement, please sign below and return one copy to us. Thank you for this opportunity to be of service and we look forward to working with you.

Sincerely,

INTEGRA REALTY RESOURCES – RALEIGH



M. Scott Smith, MAI  
Director

Attachments

AGREED & ACCEPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2017.

BY: Duke Energy

  
AUTHORIZED SIGNATURE

Robert J (Bob) Earley  
Manager - Real Estate  
\_\_\_\_\_  
NAME (PRINT)

**ATTACHMENT I****STANDARD ASSUMPTIONS & LIMITING CONDITIONS**

The appraisal report and any work product related to the engagement will be limited by the following standard assumptions:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The Subject Property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the Subject Property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the Subject Property more or less valuable. Furthermore, there is no asbestos in the Subject Property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The Subject Property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

The appraisal report and any work product related to the engagement will be subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the Subject Property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the Subject Property without compensation relative to such additional employment.
6. We have made no survey of the Subject Property and assume no responsibility in connection with such matters. Any sketch or survey of the Subject Property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the Subject Property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the Subject Property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.

8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the Subject Property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the Subject Property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the Subject Property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the Subject Property or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the value stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The *Americans with Disabilities Act (ADA)* became effective January 26, 1992. We have not made a specific survey or analysis of the Subject Property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the Subject Property with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.

20. No studies have been provided to us indicating the presence or absence of hazardous materials on the Subject Property or in the improvements, and our valuation is predicated upon the assumption that the Subject Property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the Subject Property. IRR – Local City and/or any of its officers, owners, managers, directors, agents, subcontractors or employees (the “Integra Parties”) shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the Subject Property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the Subject Property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the Subject Property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the Subject Property is free of defects or environmental problems. Mold may be present in the Subject Property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assumes the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. IRR – Raleigh is an independently owned and operated company. The parties hereto agree that Integra Realty Resources, Inc. (“Integra”) shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR – Raleigh. In addition, it is expressly agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. IRR – Raleigh is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client’s use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable.

The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of the Subject Property.

27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

As will be determined during the course of the assignment, additional extraordinary or hypothetical conditions may be required in order to complete the assignment. The appraisal shall also be subject to those assumptions.

**ATTACHMENT II**

Property	Parcel ID	Location	County	Size (AC)	Fee
Stokes County	6905-00-60-3184	Yadkin Township	Stokes	44.99	\$3,250
Catawba Cove	201275, 201274, 201273, 191727	Catawba	Gaston	561.32	\$3,500
Dowdle Mountain	6594337105	Franklin	Macon	22.42	\$3,250